

Government that Works!

NEW JERSEY DEPARTMENT OF THE TREASURY

LOCAL GOVERNMENT BUDGET REVIEW

BOROUGH OF MONTVALE

CHRISTINE TODD WHITMAN
Governor

JAMES A. DiLEUTERIO, JR.
State Treasurer

JANE M. KENNY
Commissioner
Department of Community Affairs

MAY 1999



GOVERNMENT THAT WORKS

OPPORTUNITIES FOR CHANGE

The Report of the Borough of Montvale

New Jerseyans deserve the best government their tax dollars can provide. Governor Whitman is committed to making state government leaner, smarter and more responsive by bringing a common sense approach to the way government does business. It means taxpayers should get a dollar's worth of service for every dollar they send to government, whether it goes to Trenton, their local town hall or school board. Government on all levels must stop thinking that money is the solution to their problems and start examining how they spend the money they now have. It is time for government to do something different.

Of major concern is the rising cost of local government. There is no doubt that local government costs and the property taxes that pay for them have been rising steadily over the past decade. Prior to Governor Whitman's taking office in 1994, the state had never worked as closely with towns to examine what is behind those costs. That is why she created the Local Government Budget Review (LGBR) program. Its mission is simple: to help local governments and school boards find savings and efficiencies without compromising the delivery of services to the public.

The LGBR program utilizes an innovative approach combining the expertise of professionals, primarily from the Departments of Treasury, Community Affairs and Education, with team leaders who are experienced local government managers. In effect, it gives local governments a comprehensive management review and consulting service at no cost by the state. To find those "cost drivers" in local government, teams review all aspects of local government operation, looking for ways to improve efficiency and reduce costs.

In addition, teams also document those state regulations and mandates which place burdens on local governments without value-added benefits and suggest, on behalf of local officials, which ones should be modified or eliminated. Teams also look for "best practices" and innovative ideas that deserve recognition and that other communities may want to emulate.

Based upon the dramatic success of the program and the number of requests for review services, in July, 1997, Governor Whitman ordered the expansion of the program, tripling its number of teams, in an effort to reach more communities and school districts. The ultimate goal is to provide assistance to local government that results in meaningful property tax relief to the citizens of New Jersey.

THE REVIEW PROCESS

In order for a town, county or school district to participate in the Local Government Budget Review program, a majority of the elected officials must request the help of the review team through a resolution. There is a practical reason for this: to participate, the governing body must agree to make all personnel and records available to the review team, and agree to an open public presentation and discussion of the review team's findings and recommendations.

As part of the review, team members interviewed each elected official, as well as employees, appointees, members of the public, contractors and any other appropriate individuals. The review teams examine current collective bargaining agreements, audit reports, public offering statements, annual financial statements, the municipal code and independent reports and recommendations previously developed for the governmental entities, and other relative information. The review team physically visits and observes the work procedures and operations throughout the governmental entity to observe employees in the performance of their duties.

In general, the review team received the full cooperation and assistance of all employees and elected officials. That cooperation and assistance was testament to the willingness, on the part of most, to embrace recommendations for change. Those officials and employees who remain skeptical of the need for change or improvement will present a significant challenge for those committed to embracing the recommendations outlined in this report.

Where possible, the potential financial impact of an issue or recommendation is provided in this report. The recommendations do not all have a direct or immediate impact on the budget or the tax rate. In particular, the productivity enhancement values identified in this report do not necessarily reflect actual cash dollars to the municipality, but do represent the cost of the entity's current operations and an opportunity to define the value of improving upon such operations. The estimates have been developed in an effort to provide the entity an indication of the potential magnitude of each issue and the savings, productivity enhancement, or cost to the community. We recognize that all of these recommendations cannot be accomplished immediately and that some of the savings will occur only in the first year. Many of these suggestions will require negotiations through the collective bargaining process. We believe, however, that these estimates are conservative and achievable.

**LOCAL GOVERNMENT BUDGET REVIEW
EXECUTIVE SUMMARY
BOROUGH OF MONTVALE**

Administration

We suggest the borough consider selling advertisement space in its newsletter. The additional revenue raised from advertisements would be approximately \$5,000.

Borough Clerk

We suggest there be a computer hardware and software upgrade in this office, which would provide the clerk's office with an annual productivity enhancement of \$4,368 as a result of reduced search time for ordinances, resolutions and minutes.

Personnel

The inclusion of overtime payments in the regular bi-weekly payroll checks and the elimination of separate overtime checks would provide a savings of approximately \$1,400 and a productivity enhancement of approximately \$1,675.

The elimination of the workers' compensation salary supplement would provide \$556 in savings based on 1997 cases.

The institution of a cap on the maximum terminal leave payout for accrued, but unused sick time at the time of retirement for PBA and DPW employees would provide a savings of \$8,000, based on 1996 expenses.

Contracts

The elimination of the education incentive benefit and the in-service training benefit for the PBA would provide a savings of \$5,200 - \$10,600 and \$8,502, respectively. Modification of the PBA's longevity benefit could save \$2,700.

Restructuring the PBA uniform allowance would save approximately \$7,000.

Changing the PBA work schedule to a 40 hour work week would result in a savings of approximately \$54,379 in reduced overtime costs. Also, implementing the Fair Labor Standard Act (FLSA) overtime requirement to pay overtime only above 40 hours would save approximately \$9,275.

Insurance

The institution of a co-pay policy for employees with family, husband/wife, or parent/child health coverage would provide a savings of approximately \$23,600.

The elimination of the life insurance benefit would save \$4,349 based on 1996 expenses.

Budget

If borough officials were a little less conservative in their estimation of current tax collections, an additional \$103,184 would be available for tax relief.

Tax Collection

We suggest that the borough solicit requests for proposals from billing firms to ensure that services and rates are competitive. This process could save the borough approximately \$1,000.

Police

The borough and Tri-Boro Radio should consider offering its services to other nearby municipalities. The addition of just one nearby municipality would reduce the borough's cost by approximately \$20,028.

Public Works

We suggest the addition of a foreman through the promotion of a laborer. The additional cost for this action is estimated at \$6,450.

We recommend the addition of a clerical position. The additional cost for this action is estimated at \$7,800 with a corresponding productivity enhancement of \$24,343.

If the borough contracted for street sweeping services, the borough could save approximately \$6,360.

If the borough increased its level of reimbursement from the county for the snow plowing of county roads, approximately \$2,000 would be saved, based on 1996 expenses.

Computerization of fleet maintenance services would cost approximately \$3,000 and would result in a productivity enhancement of \$28,898.

Trash/Leaf Recycling

The elimination of the recycling center would provide a savings of \$7,175 and a productivity enhancement of \$6,813 - 10,957.

Uniform Construction Code (UCC)

An upgrade in UCC computer software would improve efficiency. This upgrade would cost approximately \$4,700 - \$7,000.

Uniform Fire Safety (UFS)

An upgrade in UFS computer software would improve efficiency. This upgrade would cost approximately \$2,500 - \$3,500 and would result in a productivity enhancement of approximately \$4,290.

Board of Adjustment

Merging of the planning board and the board of adjustment, when the level of activity before the planning board subsidies, would provide savings of approximately \$6,100.

Health

Increasing fees through a \$10 co-payment for health programs would yield approximately \$14,060 in additional revenue, based on 1996 figures.

Welfare

Transferring the welfare department to the county would provide approximately \$4,643 in savings.

Recreation

If the borough were to obtain sponsorship for certain recreational activities, such as the Day In The Park celebration, an additional \$3,000 in revenue could be used to offset the cost of such activities.

Reaching the goal of having the department be 50% self-sustaining would result in additional revenue of \$25,680, based on 1996 figures.

Library

Reduction of the library spending level to the one-third of a mill funding level would save approximately \$44,576, based on 1996 expenses.

<u>Areas Involving Monetary Recommendations</u>	<u>Onetime Savings/ Expense</u>	<u>Annual Savings/ Expense</u>	<u>* Potential Savings</u>	<u>Totals</u>
Administration				
Newsletter Advertisements		\$5,000		\$5,000
Borough Clerk				
Municipal Clerk Software Package	(\$800)			
Summer Clerical Position Creation	(\$1,820)			
Computer and Printer Upgrades	(\$3,000)			
Search Time Reduction		\$4,368		(\$1,252)
Personnel				
Eliminate Separate Overtime Checks		\$1,400		
Eliminate Separate OT Checks - Enhancement		\$1,675		
Eliminate Workers' Compensation Supplement			\$556	
Terminal Leave Cap @ \$15,000			\$8,000	\$11,631
Contracts				
Eliminate Education Incentive			\$5,200	\$10,600
Eliminate In-Service Training				\$8,502
Modify Longevity				\$2,700
Restructure PBA Uniform Allowance				\$7,000
Change PBA Work Schedule				\$54,379
Implement FLSA Overtime Guidelines				\$9,275
				\$87,056
Insurance				
Establish 10% Health Insurance Co-Pay			\$23,600	

Eliminate Life Insurance Benefit			\$4,349	\$27,949
Budget				
Increase Projected Tax Collection Rate			\$103,184	\$103,184
Tax Collection				
Solicit Proposals from Billing Firms			\$1,000	\$1,000
Police				
Tri-Boro Radio Expansion			\$20,028	\$20,028
Public Works				
Foreman Position Creation			(\$6,450)	
Clerical Position Creation			(\$7,800)	
Eliminate Supt. Clerical Duties			\$24,343	
Contracting for Street Sweeping			\$6,360	
Increase Snow Plow Reimbursements			\$2,000	
Computerized Fleet Maintenance	(\$1,500)	(\$3,000)	\$28,898	\$44,351
Trash/Leaf Recycling				
Eliminate Recycling Center			\$7,175	
Eliminate Recycling Center - Enhancement			\$6,813	\$13,988
Uniform Construction Code				
UCC Software Upgrade	(\$4,700)	(\$7,000)		(\$7,000)
Uniform Fire Safety				
Computerized Fire Safety Program	(\$2,500)	(\$3,500)		
Computerized Fire Safety Program			\$4,290	

				\$790
	Board of Adjustment			
	Merge Planning and Zoning Boards	\$6,100		\$6,100
	Health			
	Increased Fees from Health Programs	\$14,060		\$14,060
	Welfare			
	Create Tri-Boro Welfare Program	\$4,643		\$4,643
	Recreation			
	Increase Sponsor Fees	\$3,000		
	Program Fee Increase	\$25,680		\$28,680
	Library			
	Reduce Spending to 1/3 of a Mill	\$44,576		\$44,576
	Total Recommended Savings	(\$19,120)	\$300,343	\$123,561
				\$281,223
* \$123,561 not included in savings of \$281,223.				
Total Amount to be Raised for 1996 Municipal Tax				\$5,634,721
Savings as a % of Municipal Tax				5.0%
Total Budget - 1996				\$8,216,185
Savings as a % of Budget				3.4%
Total State Aid - 1996				\$1,782,388

Savings as a % of State Aid

15.8%

Budget	\$103,184
DPW	\$44,351
Recreation	\$28,680
Library	\$44,576
Other	\$73,052
Negotiable Savings	\$123,561

Budget	\$7,934,962	\$8,216,185
Total Savings	\$281,223	-\$281,223
		\$7,934,962

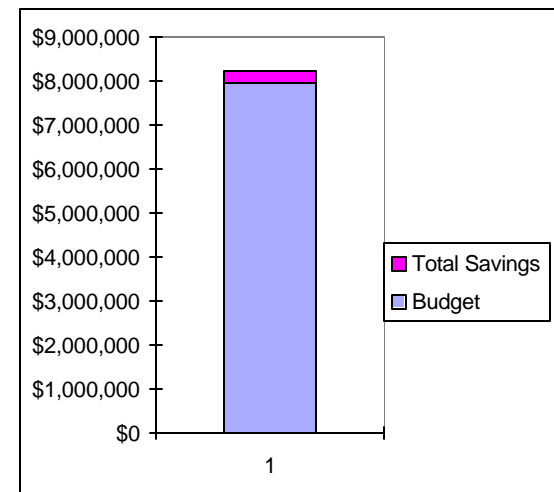
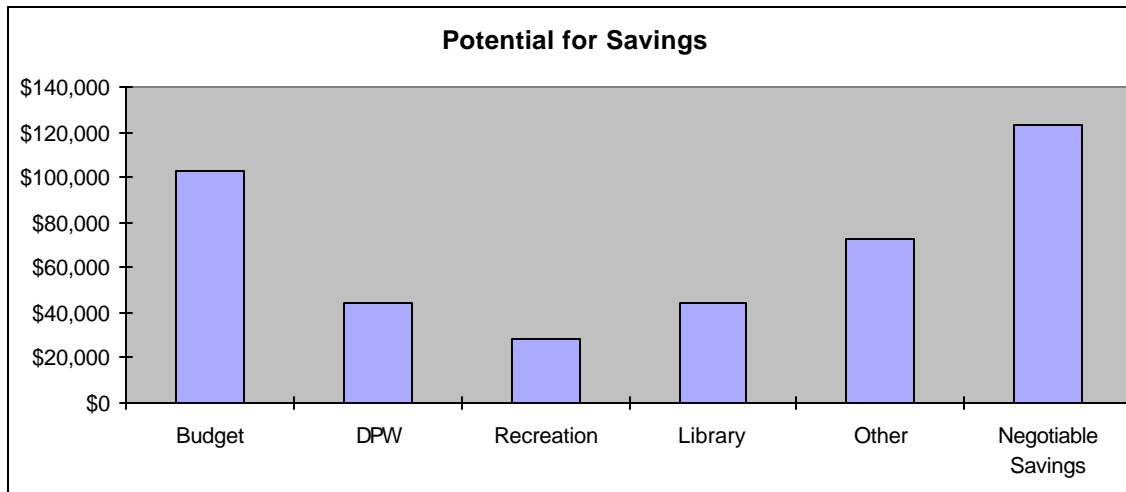


TABLE OF CONTENTS

Preface - Government That Works/Opportunities for Change	
The Review Process	
Executive Summary	
Comparison of Cost/Tax Rate with Recommended Savings	

<u>CONTENTS</u>	<u>PAGE</u>
COMMUNITY OVERVIEW.....	13
I. BEST PRACTICES	14
II. OPPORTUNITIES FOR CHANGE/RECOMMENDATIONS.....	16
GOVERNING BODY	16
ADMINISTRATION.....	17
BOROUGH CLERK	18
TECHNOLOGY.....	19
PERSONNEL/COMPENSATION/BENEFITS	21
CONTRACTS	27
INSURANCE.....	35
LEGAL.....	39
PURCHASING	40
BUDGET	43
CASH MANAGEMENT.....	48
TAX COLLECTION.....	52
TAX ASSESSMENT.....	54
POLICE.....	55
FIRE/EMS	59
MUNICIPAL COURT	62
PUBLIC WORKS/UTILITY OPERATIONS	64
UTILITIES, WATER AND SEWER.....	73
TRASH/LEAF COLLECTION/RECYCLING GRANT PROGRAM.....	74
UNIFORM CONSTRUCTION CODE/CODE COMPLIANCE.....	75
NJ UNIFORM FIRE SAFETY	78
PLANNING BOARD.....	79
BOARD OF ADJUSTMENT	80
HEALTH	81
WELFARE	84
RECREATION.....	87
LIBRARY.....	91
III. SHARED SERVICES	94
IV. STATUTORY AND REGULATORY REFORM.....	97

COMMUNITY OVERVIEW

The Borough of Montvale is one of 72 municipalities in Bergen County and was chartered in 1894. It is situated in the Pascack Valley region of north-east Bergen County, bordering New York State. Montvale is within minutes of most of the main transportation corridors in the Northeast, with an entrance and an exit off the Garden State Parkway, and a thirty minute ride to New York City.

It is approximately four square miles with a 1990 population of 6,946. Since 1980, the population has decreased by 5.1% from 7,318. Approximately 51% of the tax base is residential and 47% is commercial or industrial; just 2% of land is vacant. Montvale is a hub of corporate headquarters to some of the most prestigious international, national and regional corporations.

Montvale is a relatively homogeneous community with a 1990 median household income of \$70,272, and median home value of \$291,600. The population is 95% Caucasian, 3% Asian and 2% Hispanic.

Montvale has continued to provide the high level of service expected by residents, while controlling costs. To do so, the borough has used techniques such as interlocal agreements, competitive contracting, shared services and regionalization.

The total municipal budget increased from \$8,523,687 to \$9,174,078 from 1995 to 1996 representing a 7.6% increase, while the overall tax rate increased from 1.97 to 1.98. The total assessed valuation for the Borough of Montvale in 1996 was \$1,040,804,966. In 1997, the assessed valuation increased for first time since the 1992 revaluation.

I. BEST PRACTICES

A very important part of the Local Government Budget Review report is the “Best Practices” section. During the course of every review, each review team identifies procedures, programs and practices which are noteworthy and deserving of recognition. Best practices are presented to encourage replication in communities and schools throughout the state. By implementing these practices, municipalities and school districts can benefit from the Local Government Budget Review process and possibly save considerable expense on their own.

Just as we are not able to identify every area of potential cost savings, the review team cannot site every area of effective effort. The following are those best practices recognized by the team for their cost and/or service delivery effectiveness.

Insurance Review

The borough consistently reviews insurance alternatives in an effort to obtain the best possible coverage at the least cost. Montvale was a founding member of the Bergen County Municipal Joint Insurance Fund, which was the first municipal joint insurance fund established in New Jersey, over ten years ago. In the early 1990’s, Montvale switched its health insurance from the State Health Benefits Plan to the Bergen Municipal Employees Health Benefit Fund at a significant savings. In 1995, the borough switched from the health insurance fund to a self-insured program and realized savings of nearly \$63,000 in its first two years.

Sharing Expertise

The DPW superintendent meets each Friday with a group of Pascack Valley DPW superintendents. These meetings give each participant an opportunity to share and discuss similar problems. Most importantly, it gives them an opportunity to learn how nearby municipalities handle similar problems. It is very likely that the time spent each week is more than paid for, with increased coordination and improved problem solving.

Sewer Camera System

The Borough of Montvale has an inter-local agreement with seven municipalities sharing a color sewer camera system, which is needed to periodically inspect the sewer lines for infiltration problems and obstructions. This piece of equipment costs approximately between \$40,000 and \$50,000 and by combining their efforts each community saved approximately \$35,000. The other municipalities involved are Emerson, Old Tappan, Rivervale, Washington, Park Ridge, and Hillsdale.

Sewer Jet

The borough also has an inter-local agreement with the Borough of Park Ridge and shares a sewer jet which is used to flush sewer lines and a catch basin cleaner. This equipment is an essential part of maintaining a sound sewer system. This agreement saved each municipality approximately \$50,000.

Tri-Borough Fuel Dispensing

Montvale, Park Ridge and Woodcliff Lake entered into an inter-local agreement to install and share a single fueling facility. A partitioned tank, holding both gasoline and diesel fuel, was installed at the Park Ridge public works facility in 1992. This fueling site supplies fuel to the three boroughs, as well as the Tri-Borough Ambulance Squad, the local and regional school districts. The cost for the entire facility was over \$126,000, while Montvale's share was approximately \$52,000. Thus, the borough saved approximately \$74,000.

Tri-Boro Radio Dispatching

Dispatching services are provided to Montvale, Park Ridge and Woodcliff Lake by Tri-Borough Radio. This shared service has existed for over 50 years and all three municipalities split the associated costs.

Tri-Borough Ambulance Corps

This private non-profit organization provides emergency medical services to Montvale, Park Ridge, and Woodcliff Lake. It has existed for over 60 years and has its facility centrally located in Park Ridge, approximately one mile from the Montvale municipal complex.

II. OPPORTUNITIES FOR CHANGE/RECOMMENDATIONS

The purpose of this section of the report is to identify opportunities for change and make recommendations that will result in more efficient operations and financial savings or enhancements for Montvale's residents and taxpayers. One of the fundamental components of the team's analysis is identifying the true cost of a service. To this end, the team prepares a payroll analysis that summarizes personnel costs by function and attributes direct benefit costs to the salary of each individual. This figure will always be different from payroll costs in the budget or in expenditure reports because it includes health benefit, social security, pension, unemployment and other direct benefit costs.

In its study, the review team found the municipality makes a conscious effort to control costs and to explore areas of cost saving efficiencies in its operations. Many of these are identified in the Best Practices section of this report. Others will be noted as appropriate in the findings to follow. The municipality is to be commended for its efforts. The review team did find areas where additional savings could be generated and has made recommendations for change that will result in reduced costs or increased revenue.

Where possible, a dollar value has been assigned to each recommendation to provide a measure of importance or magnitude to illustrate cost savings. The time it will take to implement each recommendation will vary. It is not possible to expect the total projected savings to be achieved in a short period of time. Nevertheless, the total savings and revenue enhancements should be viewed as an attainable goal. The impact will be reflected in the immediate budget, future budgets, and the tax rate(s). Some recommendations may be subject to collective bargaining considerations and, therefore, may not be implemented until the next round of negotiations. The total savings will lead to a reduction in tax rates resulting from improvements in budgeting, cash management, cost control and revenue enhancement.

GOVERNING BODY

Montvale operates under the borough form of government. The mayor serves as head of the government and presides over the council. The mayor is elected for a four year term, while six council members are elected at-large, two each year for three year terms. Meetings are held twice per month and include both agenda and executive session matters.

The governing body is a relatively stable group in terms of longevity with each council member usually serving multiple terms. Council members actively participate in policy setting for the departments through a committee structure and work closely with various department heads.

Council members receive a stipend of \$4,500, while the mayor receives \$5,500. In 1996, a stipend total of \$32,500 was paid to the mayor and council.

In 1996, expenses totaling \$1,174 were directly attributed to mayor and council expenses. Other expenditures by the mayor and council are in the administrative/executive budget and difficult to determine.

ADMINISTRATION

Staffing

According to the municipal code chapter 2A-5, the borough administrator shall be the chief administrative officer responsible to the mayor and council for the day to day operations of the municipal government. The administrator's office consists of the administrator and a secretary. The secretary provides a small amount of general clerical support to both the administrator and the mayor. While this is a full-time position, the primary responsibilities are as registrar, zoning board secretary, and environmental commission secretary. The current administrator has served in this position since November, 1994.

Financial

The total salary and direct benefits for these positions were \$113,427 in 1996. Total administrative and executive other expenses covering the council, the borough clerk, purchasing, office and computer supplies, advertising and postage were \$38,640.

Newsletter

The borough mails a quarterly newsletter in March, June, September and December to all residents. Since Montvale receives minimal newspaper coverage from local and regional newspapers, the administration feels that the newsletter is the best way to keep Montvale residents informed of pertinent municipal news. In addition to the quarterly newsletters, annual budget and recycling newsletters are also distributed to all residents. In 1997, the total printing and postage costs for all newsletters were \$11,992.

The Borough of Bound Brook also distributes a quarterly newsletter. The cost of that newsletter is offset by selling advertisements on the newsletter's back page to local businesses. Approximately \$5,000 is raised each year.

Recommendation:

The borough should consider selling advertisements for its newsletter to cover some of the costs.

Revenue Enhancement: \$5,000

BOROUGH CLERK

Staffing

The borough clerk's office is staffed by a full-time borough clerk. The clerk receives part-time clerical support from an assistant who primarily serves as the planning board secretary. Twenty-five hours per week are budgeted for planning board functions, while ten hours per week are budgeted for borough clerk functions. This calculates to almost 30% of the assistant's time for borough clerk related work.

The clerk was hired in August, 1996 and became certified as a registered municipal clerk in June, 1997. The assistant was hired by the borough in September, 1997.

Financial

The 1996 cost of the borough clerk's position was \$43,698 in direct salaries and benefits. The cost for the assistant's position including direct salaries and benefits was \$37,782. Thirty percent of this figure is \$11,334. Thus, the total cost for the borough clerk's office in direct salaries and benefits for 1996 is \$49,116.

Functions

The borough clerk is officially responsible for attending all borough council meetings and keeping records of all minutes of those meetings, engrossing all ordinances and resolutions, conducting assessment searches, and processing various borough certificates and licenses. The agenda for council meetings are set preliminarily by the clerk and then finalized after meeting with the administrator and mayor. This office is also responsible for the preparation and distribution of meeting packets to council members. The clerk also coordinates the retention of all borough records including insurance policies and claims. Other duties include serving as deputy registrar and office manager.

All records, including minutes, resolutions and ordinances appear to be well maintained and well organized. The municipal code book is kept up to date and is codified twice per year through contract. \$3,000 is budgeted annually, while the actual costs for 1996 were \$3,826.

Automation

Pending resolutions and ordinances can be reviewed on-line by the public on the library's website.

The borough is commended for using the library website to disseminate municipal ordinances and resolutions and should consider expanding the website into a municipal webpage.

The level of automated equipment in this office is limited. The clerk is not provided with a computer from the borough and uses a personal computer (PC) which was brought from home and is not compatible with the assistant's laptop. Word processing functions are performed to prepare minutes, ordinances and resolutions. There is no automated data base for this information. An automated system would streamline the manual searching process for past ordinances, minutes, and resolutions.

The borough clerk has estimated that approximately 20% of her time or 364 hours per year is spent manually searching for past ordinances, minutes and resolutions. An automated software package should conservatively cut this required time in half resulting in a productivity enhancement of 182 hours. The clerk is aware of a software package for \$800. A summer clerical position could enter the resolutions, ordinances and minutes for approximately \$6.50 per hour.

Recommendations:

It is recommended that a personal computer and laser printer be provided to the borough clerk.

Value Added-Expense: \$3,000

It is recommended that the municipal clerk software package also be provided to the borough clerk. The software is estimated to cost \$800 and the potential cost of the summer clerical position is \$1,820 for a total value added expense of \$2,620.

Value Added-Expense: \$2,620

Productivity Enhancement: 182 hours or \$4,368 annually

Office Manager/Office Coverage

As previously mentioned, the borough clerk serves as the office manager for clerical and administrative support personnel. This involves managing staff from the tax collector's office, the administrator's office, the municipal court, and the planning board. The goal of the office manager is to provide adequate counter and phone coverage to residents and clients, as well as, to ensure that day to day office duties such as mail sorting, faxing and copying are completed. In order to meet this goal, clerical support personnel from the various departments are cross-trained to perform the basic functions of each department and assist the public with common municipal questions, requests and inquiries. Three full-time employees and one part-time employee are used in this capacity. Each of these employees is assigned to more than one department. All requests for leave by office personnel are authorized by the clerk to provide proper office coverage.

The borough is commended for maximizing the use of its lean staff in providing necessary office coverage through cross-training.

TECHNOLOGY

Presently, there is a mixture of hardware and software of varying generations, manufacturers, and capacities throughout the borough. The hardware consists of an IBM System 36, twenty-five PCs, nine dumb terminals, one laptop, twenty-eight printers, and four modems.

The software encompasses a variety of applications and versions such as Microsoft Office 4.2, Windows 95, Windows 3.1, WordPerfect 5.1, Microsoft Excel 4.0, PowerPoint, Access, USTI - PBA

Accounts Payable/General Ledger package, UCCARS System, Lotus 123 Suite 3.0, and DisplayWrite. There is limited and discretionary file sharing.

An IBM System 36 is used for the tax collection, purchasing, and the police department's records management programs. This system has been used for the past ten years. Except for a few 486 and Pentium processor PCs, the overall computer technology is dated, labor intensive and slow, with the daily backups taking up to one hour. The current platforms do not allow for easy or seamless networking of shared applications.

Generally, the computer literacy is considered to be average to good. The staff are in favor of automation and there is little or no evident resistance to changing to a more modernized system and learning new methods and procedures.

System Maintenance

The borough administrator and the CMFO are responsible for managing the computer technology issues. The borough administrator also maintains a comprehensive and up-to-date computer hardware and software inventory. The borough has one year maintenance agreements for its hardware and software. There are seven companies servicing the various computer platforms and applications. Their annual service agreement fees totaled \$11,339 in 1996.

The borough purchases under state contract whenever appropriate. Other times, it shops around for the best overall buy. In most instances, however, the most prudent purchases are made with non-contracted vendors.

Technology Plan

A preliminary plan for a new system has been prepared. The intent is to have a local area network system to support Year 2000 compliant software. All departments will have, at the very least, Pentium Processor PCs with e-mail, spreadsheet and word processing software.

The plan also mentions the need for upgrading the tax collection, accounts payable and general ledger packages. The borough will ultimately have a modern office-wide network that will allow for expansive and secure file sharing, as one of its primary features. The borough will contract a consultant to develop and prepare the plans to describe the most suitable platform and applications, as well as the implementation plan.

The borough intends to move ahead with its computer technology issues, but has not decided on the date to start the systems study nor has it anticipated when the project is expected to be fully implemented.

The upgrading of the phone system should be included in the technology plan. The present system, which has only four lines including two used exclusively for the building department and municipal court, is insufficient. The borough has included the telephone system upgrade in its expansion of borough hall

for the police department at a cost of \$11,700. The borough is urged to proceed with the upgrade and to include it in its technology plan.

The need for improved computer technology throughout the borough was probably the most significant need identified by all LGBR team members.

The borough is commended for recognizing the need for improved use of technology and for developing a technology plan. The borough is urged to expedite implementation of the plan as it will improve the productivity of municipal operations. As one will see, various technology and computer related needs are identified in many departments.

Recommendations:

The LGBR team urges the borough council to proceed cautiously in choosing a reputable consultant with municipal and state governmental experience. The borough should request references of past and current municipal and governmental clients. Also, input from department heads should be sought to define their current and future requirements based on customer (resident) needs.

The technology plan should be expanded to include: an implementation plan with anticipated costs, timelines, staffing and training requirements, and other relevant elements with a direct impact on the technology plan.

PERSONNEL/COMPENSATION/BENEFITS

Staffing

The borough employed 50 full-time, 66 part-time, and 62 seasonal staff in 1996. These are recorded on the payroll report and accounted for \$2,783,066 in gross salaries.

For purposes of our analysis, the LGBR team computed the “direct” and “indirect benefits”, as well as the “position value” for each employee. The position value is used to compare specific costs and includes specific components: (a) base salary, (b) longevity, (c) holiday, (d) major medical/hospital coverage, (e) dental, (f) prescription, (g) vision care, (h) pension, (i) social security, and (j) Medicare costs.

Contracted Professionals

The borough contracts with private individuals to handle specialized functions: (a) certified municipal finance officer, (b) borough attorney, (c) labor attorney, (d) planning board attorney, (e) zoning board attorney, (f) bond counsel, (g) risk manager, (h) borough engineer, (i) public defender, (j) prosecutor, and an (k) independent auditor.

Payroll Process

The tax collector/treasurer has overall responsibility for the bi-weekly payroll system. A part-time clerical assistant is also trained to assist with the payroll functions. The borough contracts with Automatic Data Processing, Inc. (ADP) for the check processing functions. ADP has serviced Montvale since the early 1980's. The present annual cost of services is approximately \$6,000. The treasurer needs approximately one day to prepare the payroll for ADP pickup. The turnaround time from ADP is one day.

In July, 1997, the payroll process was streamlined from a weekly to a bi-weekly pay schedule. Accordingly, the new schedule will save an estimated \$6,000 a year in fees paid to ADP and an estimated \$8,385 per year in borough costs to process the payroll data. Thus, anticipated annual savings total \$14,385. Previously, the treasurer spent an estimated 78 days a year to process the weekly payroll. The payroll change has given the treasurer approximately 39 days per year to devote to other duties.

The borough is commended for its switch to a bi-weekly pay schedule.

Recommendation:

It is recommended that the borough canvass payroll service providers at least every three years for the purpose of comparing available services. In contracting for the services of payroll service providers, the borough should either solicit quotations or advertise for competitive bids on a periodic basis in accordance with the applicable requirements of the Local Public Contracts Law.

Employee Manual

The borough has an up-to-date employee or personnel manual with separate sections for full-time and part-time employees. The terms and conditions of employment and employee benefits are clearly defined. This document is reviewed every year and modified accordingly. The current administrator has made 16 revisions to the manual since 1994.

In recent years, the borough has limited and reduced benefits such as vacation leave, sick leave, holidays and health insurance for part-time employees. Overall, employee benefits are distributed in an equitable manner while maintaining the overall objective of containing costs and preventing abuse.

The borough is commended for its up-to-date personnel manual and for implementing appropriate benefit changes for part-time employees.

Performance Evaluation

The borough administrator conducts annual performance evaluations for all non-contractual employees, DPW employees, and police officers.

The borough is commended for its regular performance evaluation system.

Overtime

The 1996 overtime expenditures for all departments were \$141,864. Employees receiving overtime may elect to receive a separate check exclusively for overtime pay. In 1996, approximately 624 separate overtime checks were processed at an estimated ADP cost of \$2.25 per check, which totals \$1,400. The borough's administrative costs to process these separate checks is estimated at an additional \$1,675.

Recommendation:

It is suggested that the borough include overtime payments in the regular bi-weekly payroll checks and eliminate the separate checks.

Cost Savings: \$1,400

Productivity Enhancement: \$1,675

Sick Leave

The borough policy states that full-time non-contractual employees are entitled to ten days a year, with no accrual and no compensation for unused time. Contracted employees are under a different set of guidelines. In 1996, the 50 full-time employees in Montvale Borough were entitled to 574 sick days, with a value of \$103,370.

Vacation Leave

The employee manual states that vacation days shall be taken within the calendar year earned and shall not accumulate from year to year. Employees shall not receive compensation for unused time. Non contractual employees earn 420 vacation days over a 25 year period, while DPW employees earn 410 days over the same period. Police patrolmen will receive 464 days over 25 years. Below is a chart with the annual vacation allotments for the PBA, the United Borough Employees (DPW), and the non-union workers:

PBA Employees

Up to six months	-	None
Six months to one year	-	Four working days
One year to two years	-	Eight working days
Two years to five years	-	Fourteen working days
Five years to ten years	-	Eighteen working days
Ten years to fifteen years	-	Twenty working days
Fifteen years to retirement	-	Twenty-two working days
Fifteen years to retirement	-	Twenty-four working days (Sergeants)
Fifteen years to retirement	-	Twenty-six working days (Lieutenants)

United Borough Employees

Up to one year	-	None
One year to two years	-	Five working days
Two years to five years	-	Ten working days

Five years to ten years	-	Fifteen working days
Ten years to retirement -		Twenty working days

Non-Union Employees

Up to six months	-	None
Six months to one year	-	Five working days week
One year to five years	-	Ten working days
Five years to ten years	-	Fifteen working days
Ten years to retirement	-	Twenty working days

Recommendation:

It is recommended that the PBA vacation allotment be revised to something comparable to other borough employees.

All part-time employees working less than 20 hours per week are not entitled to vacation leave. All part-time employees, hired after May 1, 1994, are not entitled to vacation leave. Part-time employees, hired prior to May 1, 1994, must work at least 20 hours per week to receive vacation leave. After one to five years of service, one week of vacation time is received and after five years, two weeks of vacation are received.

The vacation allowance in 1996 for all employees was 852 days, with a value of \$156,494.

The borough is commended for what generally appears to be a conservative vacation leave policy.

Longevity

Most borough employees are not entitled to this benefit. Only members of the PBA receive this benefit. This is a benefit with no tie to performance. PBA longevity is discussed in the contract section.

The borough is commended for its somewhat conservative longevity policy and is urged to eliminate this benefit for the PBA.

Holidays

All full-time employees are entitled to eight paid holidays, two floating holidays, and two half-days preceding Christmas and New Year's Day. Part-time employees are not entitled to the floating holidays and are entitled to compensation only when their normal work schedule falls on the holiday.

The borough is commended for its use of floating holidays. They allow the borough to be open on Good Friday and Martin Luther King Day, which gives the public additional days to conduct municipal business.

Personal Leave

Full-time employees are entitled to two paid days off to conduct personal business. These cannot be combined with vacation leave nor can they be accumulated. Likewise, there is no compensation for

unused personal leave. Part-time employees are not entitled to paid personal leave. In 1996, the personal leave in Montvale was 98 days, valued at \$16,852.

The team commends the borough in its conservative allotment of personal leave days.

Short-term Disability/Work Incurred Injury

DPW and PBA Contract:

If a police officer or DPW employee suffers a work related injury or disability, the borough is required by contract to pay the employee's full salary for one year during the employee's inability to work. Unless otherwise provided by borough ordinance for police employees, the borough is only required to pay 70% of wages when an employee has a work related injury under workers' compensation law. Thus, the borough is actually supplementing the employees wages by 30%. In 1997, there was only one workers' compensation claim with significant lost time. A DPW employee missed 18 work days. The potential savings from this one injury is \$556, if the borough eliminates this supplemental pay. Data on claims from 1996 was unavailable.

Recommendation:

It is suggested that this provision be eliminated from the contract and that the borough implement a policy to reimburse only 70% of wages for work related injuries.

Cost Savings: \$556

Non-Contractual Employees:

If a non-contractual employee suffers a work related injury or disability resulting in ten consecutive missed working days, the borough is required to pay a combination of full salary and two-thirds salary for up to 26 weeks. Employees become eligible for this benefit after six months of service. After one year of service, the employee can receive one week at full salary and 25 weeks at two-thirds salary. An additional week of full pay is given for each additional year of service. After 25 years, an employee can receive the 26 weeks at full pay. This provision also applies to short-term disability for non workers' compensation injuries or illnesses.

Recommendation:

It is suggested that this policy apply only to short-term disability for non worker's compensation injuries or illnesses. The borough should comply with the workers' compensation statutes and implement a policy to reimburse 70% of wages for work related injuries.

Bonus Stipend

In 1995, the borough administrator introduced an employee bonus program to reward employees for meritorious performance. The bonus payment is a one-time stipend, and is not added to the base

salary. In 1996, the purchasing agent, treasurer, and DPW superintendent were awarded \$2,500 in total.

Extra Duty Pay

This is a one-time payment given to full-time employees who demonstrated continued high performance in their jobs. These were given to five employees from the construction, plumbing subcode, recycling/zoning, fire subcode, and electrical subcode departments. In 1996, the annual incentive payments were \$1,900, individually ranging from \$200 to \$800.

Terminal Leave

DPW and PBA Contract:

One half of all unused sick days in any year shall be deposited in a terminal leave bank to a maximum of 70 working days under the PBA contract and 75 days under the DPW contract. In 1996 and 1997, there was only one retiree who had accumulated the maximum number of days. This officer received a benefit of approximately \$23,000.

Recommendation:

LGBR commends the borough for minimizing its liability by limiting the number of potential paid days to half of that accumulated to a maximum of 70. It is recommended, however, that the borough implement the terminal leave payout cap used by the state of no more than \$15,000 per retiree. It should be paid as a lump sum upon retirement.

Cost Savings: \$8,000

Training/Travel/Dues Allowance

The borough allows for travel expense reimbursement at the rate of \$.25 per mile and \$30 per day for meals at pre-approved conferences, seminars, meetings, training, travel, and dues. This is a conservative policy and, essentially, the same as that of the state travel reimbursement policy. In 1996, the annual expenditures were \$11,778.

Exceptions

The only part-time employees who receive the same level of benefits that full-time staff receive are the: (a) construction code official, (b) planning board secretary, (c) police department secretary, and (d) recycling coordinator/zoning enforcement officer. These employees were grandfathered from an earlier employee agreement. The benefits and associated annual costs include: major medical/hospitalization at \$23,600 and dental at \$2,320 for all four employees, vacation at \$1,735 for two employees, life insurance for two staff members, and holiday at \$330 for one staff member.

CONTRACTS

Montvale PBA Local 303

Montvale recently had a police management study conducted by a private sector firm. The department and the municipality requested that areas covered by that study not be duplicated by the LGBR review in order to avoid potential inconsistencies that might result in re-direction of the improvements currently underway. Thus, several areas which LGBR normally reviews have been omitted from the review and include staffing structure, use of uniformed vs. civilian staff, beat patrol analysis, staffing levels per shift and workload analysis. While LGBR reviewed the PBA contract in its entirety, the borough should review the contract recommendations carefully for any potential inconsistencies.

This collective bargaining unit currently represents 20 police officers including 16 patrolmen, two sergeants, one detective, and one detective sergeant. The term of the current contract is from January 1, 1997 to December 31, 2001 and includes a 4.5% wage increase for each year. While this increase appears to be high, the borough was able to restructure several contract items which should produce immediate and long term savings.

Salary Structure

In the last round of contract negotiations, the borough was able to negotiate a new salary structure for police officers hired after January 1, 1997. The salary guide was expanded from a five step guide, in which the last step is reached in the fourth year, to an eight step guide, in which the last step is reached in the seventh year. The starting salary was reduced from \$32,331 to \$20,000. Factoring in a step increase at six months, the borough will save \$13,320 in the first year. The savings over seven years will be over \$78,000 per new officer.

The borough is commended for implementing a new salary guide which will result in substantial savings.

Medical/Health Coverage

Deductibles were increased from \$100 to \$200 for single coverage and from \$200 to \$400 for family coverage. The prescription plan co-pays were increased from a \$2 co-pay for generic and non-generic drugs to a \$5 co-pay for generic brands and a \$10 co-pay for non-generic drugs.

The borough is commended for implementing these cost containment measures.

Education Incentive

Police officers can receive an additional \$1,300 for an Associate's Degree, \$1,800 for a Bachelor's Degree, or \$1,950 for a Master's Degree. This benefit cannot be received until the start of the fourth year of service. According to the municipal code book chapter 84-9, an applicant must have at least an Associate's Degree with prior police experience or a Bachelor's Degree without prior police experience. In 1996, the borough paid \$10,600 to seven officers with degrees. Of these seven officers, four had Associate's Degrees totaling \$5,200, while three officers had Bachelor's Degrees totaling \$5,400.

Recommendation:

The borough is commended for requiring officers to have a college degree and for delaying payment of the education benefit until after the fourth year of service. It is recommended that the borough consider the actual elimination of the education incentive benefit, since in one form or another, it is a job requirement.

Cost Savings: \$5,200 - \$10,600

In-Service Training

An officer can receive up to \$420 for additional police training such as breathalyzer, school and accident investigation training. These types of training are different areas of expertise, which a police department requires to function properly. While not every officer must have expertise in these different areas, the police department has the right to require any officer to have the additional training, as needed.

This benefit can not be received until the start of the fourth year of service nor can this benefit be received if the officer already receives an education incentive. In 1996, the cost to the municipality was \$8,502 for 10 officers. There are several officers receiving more than \$420 as they were “grandfathered” before the \$420 cap began.

Recommendation:

The borough should consider eliminating the in-service training benefit as they are receiving additional compensation for training which management requires certain officers to possess. We believe it is basically a way for “grandfathered” officers without a degree to receive the education incentive benefit.

Cost Savings: \$8,502

Longevity

PBA members are the only employees in the municipality who receive longevity. Officers receive an additional 1% of their salaries after four years of service. Every two years an officer receives an additional 1% increase up to the 18th year when 8% is received. At the 23rd year, a final 1% increase is given to reach the maximum amount of 9%. In 1996, the borough paid \$61,243 in longevity benefits.

Longevity is a benefit with no tie to performance. It is also a difficult benefit to eliminate. Many municipalities have had success eliminating longevity for new hires, while other municipalities have been successful in capping longevity payments at flat dollar increments rather than percentage increments. Based on the 4.5% contractual increase for 1997, the borough’s longevity automatically increased by \$2,755 because of its percentage basis.

By capping longevity at flat dollar increments, approximately \$2,700 could be saved each year. By eliminating longevity for new hires, the borough after many years could save at least \$61,000. It is also suggested that longevity benefits be clearly included in the salary guide and salary ordinance.

Recommendation:

It is suggested the borough consider modifying the longevity benefit for PBA members.

Cost Savings: \$2,700

Sick Leave

Police are entitled to 14 paid sick days per calendar year. Sick leave is not cumulative. In the event of a long-term illness, an officer remains on the payroll at full salary for a continuous period of six months. If additional leave is required, the council reviews the issues and make its decision. The borough should review N.J.S.A. 40A:14-137 with the borough attorney to ensure that the sick leave provision complies with this statute.

Holiday Pay

Police officers are paid for 13 holidays at regular pay. Depending on the work schedule, an officer may take 13 holidays off with pay or he/she may work any six of the holidays and receive a regular day's pay for each of the six holidays in addition to receiving the same amount for actually working. Thus, the officer gets double time for these holidays.

Uniform Allowance

Each officer is entitled to \$650 for the purchase and maintenance of uniforms. Receipts must be presented in order to receive reimbursement. By way of comparison, the State Police (NJSP) quartermaster or replacement program entitles state troopers to \$285 annually.

Recommendation:

It is recommended that the borough adopt the NJSP quartermaster or replacement program at \$300 per year or consider bidding uniforms annually.

Cost Savings: \$7,000

Uniforms and Personal Equipment

Article 29.01 requires the borough to pay for uniforms damaged beyond repair, while acting in official police capacity. Such payments are in addition to the annual uniform allowance. This provision is duplicative and should be covered by the annual uniform allowance.

Recommendation:

It is suggested that this provision be removed from the contract because it is duplicative.

Police Vehicles

Per Article 30.01, all vehicles purchased by the borough are required to have the same or similar equipment as those vehicles purchased within the last three years. The borough is required to make every such effort to keep such equipment in a good state of repair.

Recommendation:

This provision should be removed from the contract as it is management's decision as to the type of equipment needed to properly and safely perform police functions.

Use of Police Vehicle

This article stipulates that all appropriate insurance coverage shall be applicable to an officer using a personal vehicle or providing one's own transportation on police business.

Recommendation:

It is recommended that the borough attorney review this provision to determine compliance with Title 59 of the New Jersey Statutes Annotated (NJSA) which governs all claims involving municipalities.

Work Schedule/Overtime Analysis

Since the work schedule is such a significant portion of the overtime analysis, the entire overtime analysis will be given in this section rather than the police section.

Work Schedule:

The work schedule requires a patrol officer to work four days followed by two days off. Each work day consists of eight hours. This schedule results in 1,947 actual hours worked per year averaging to 37.43 hours worked per week. However, Article 8.02 states "Any day for which the employee is entitled to receive a full day's pay is to be considered as eight hours worked in the computation of a forty hour work week". Thus, a full day's pay and leave days are based on 40 hours per week which equates to 2,080 hours per year, even though that is not the work week for these employees. Also, the overtime rate is based on 1,960 hours per year, per the contract.

In 1996, the existing work schedule generated \$54,379 in overtime. The 1,947 actual annual hours worked for each patrol officer is significantly less than the 2,080 annual hours worked in a standard schedule, such as a 5-2 schedule, with a 40 hour work week. Each patrol officer annually works 133 hours less than the standard work week, creating a deficit of 2,133 work hours per year for the entire department.

Overall Overtime Analysis:

In 1996, the department expended over \$105,000 in overtime. Using the average patrol officer's salary at time and one half, the \$105,000 is equal to approximately 2,392 hours of overtime. The chart below outlines the actual overtime costs.

Of the estimated 2,392 hours of overtime, the borough was reimbursed for approximately 282 hours equaling \$12,365 to cover special event duty by various church and civic organizations, while the remaining 2,110 hours of overtime equaling \$92,745 was paid by the borough's taxpayers.

As previously stated, the current work schedule generated \$54,379 in overtime, as each patrolman annually works 133 hours less than the standard work week, creating a deficit of 2,133 hours per year. A change in the work schedule to a 40 hour work week would give the department an additional 2,133 work hours, which is greater than the actual taxpayer paid 2,110 overtime hours in 1996. While it is not

realistic to assume that the additional hours generated by change in the work schedule would eliminate all overtime, it is possible that the \$54,379 in overtime due to the work schedule could be saved.

Recommendation:

It is recommended that the borough implement a new work schedule with each officer actually working 40 hours per week. The Division of Criminal Justice recommends 40 hour work week schedules such as a 5-2 schedule equating to 2,080 hours per year. Leave days and overtime rates should be based upon the actual hours worked.

Cost Savings: \$54,379

The 4-2 schedule also presents another overtime problem. Every six weeks a patrol officer has back to back 32 hour work weeks, which is 30% of their work weeks. According to the PBA contract, the borough is required to pay time and one-half for work in excess of the basic workweek. Under the federal Fair Labor Standards Act (FLSA), time and one half is not required to be paid until after 40 hours per week. If a patrol officer works an extra shift during these 32 hour work weeks, the borough is not required to pay time and one half according to FLSA guidelines since over 40 hours has not been worked. The borough does not appear to be monitoring these shortened weeks closely and is paying officers an extra “half” of their hourly rate.

Using the overtime figures relating to the schedule and the likelihood that the borough is overpaying the extra “half” 30% of the work weeks, LGBR roughly estimates that the borough paid up to \$9,275 in 1996, more than it was required to under the FLSA.

Recommendation:

The borough should consider changing the PBA contract so that overtime is not paid unless an officer works in excess of 40 hours in a workweek. The borough should carefully monitor each officer’s work schedule to ensure that they are not paid overtime during “shortened” workweeks.

Cost Savings: Approximately \$9,275

United Borough Employees

This collective bargaining unit currently represents eight DPW employees; one mechanic and seven laborers. The term of the current contract is from January 1, 1996 to December 31, 2001. Originally, the contract term was January 1, 1996 to December 31, 1998, however, the borough reopened the contract to make some changes to the health insurance coverage.

Changes to the health coverage included: increasing deductibles, increasing the eye care annual allotment, and increasing the lifetime dental orthodontic coverage.

The reopening of the contract also prompted a salary and benefits survey of other Pascack Valley municipalities. The survey revealed that the DPW laborers were comparatively low, while the mechanic was comparatively high. Appropriate adjustments were made and the borough was able to tie the salary increases into performance evaluations.

The borough is commended for implementing a performance based salary increase policy.

Terminal Leave

One half of all unused sick days in any year are deposited in a terminal leave bank for retirement, up to a maximum of 75 working days.

Recommendation:

LGBR commends the borough for minimizing its liability by limiting the number of potential paid days to half of that accumulated to a maximum of 75. It is recommended the inclusion of the terminal leave payout cap used by the state of no more than \$15,000 per retiree. It should be paid as a lump sum.

Standby

The borough maintains a stand-by program. A DPW staff member is on call during off hours to respond to emergencies such as sewer problems, downed trees or signs and road debris. The DPW employee must respond to the scene within one half hour after notification. The employee is compensated at a rate of \$150 per week whether called out or not. In addition to the stand-by pay, if called out, the employee receives a minimum of one hour's pay at the rate of time and a half the regular rate of pay. The stand-by employee can be called out by either the police, DPW superintendent, dispatcher or borough administrator. During 1996, \$7,650 was paid for stand-by duty. Surveys of other local municipalities show a high of \$275 per week to a low of \$100 per week. At \$150 per week, Montvale's rate appears to be appropriate. LGBR understands the need for standby pay and suggests that the borough pay no more than the current rate of \$150 per week.

Hours of Work

The normal work week consists of 40 hours, Monday through Friday from 7:00 a.m. to 3:30 p.m. with a one-half hour non-paid lunch break.

INSURANCE

Liability Insurance

The borough is a founding member of the Bergen County Municipal Joint Insurance Fund (JIF), which was the first joint municipal insurance fund established in New Jersey over ten years ago. The borough's property and casualty and workers' compensation coverage is provided by the fund. Excess liability coverage is provided by the Municipal Excess Liability Joint Insurance Fund (MEL) and is underwritten by the Hartford Fire Insurance Company.

The borough is commended for its progressive approach to municipal insurance.

In 1996, the annual premiums were \$129,867 for the JIF and \$51,316 for the MEL totaling \$181,183.

Montvale was one of the first JIF members to qualify for employment related practice coverage. In order to be eligible for this coverage, the borough had to revise its employment application, revise its personnel manual, outline its hiring practices, and adopt a drug free workplace policy and a sexual harassment policy. The borough currently has a claim which is being covered by this policy and could potentially save the borough \$45,000.

The borough is commended for completing the necessary tasks to qualify for this enhanced coverage.

Municipal Safety Committee

The borough formed a safety committee in an effort to reduce, if not to prevent, accidents in both the workplace and in the community. The committee meets quarterly and a representative from the JIF is usually present. The JIF encourages its clients to form safety committees and rewards them with rebates. Rebates are based upon accident prevention measures used such as training sessions, safety equipment and safety signs.

The borough is commended for having an active safety committee.

Hospitalization and Major Medical Insurance

The borough is currently self-insured for health insurance. The treasurer serves as the benefits coordinator and employee benefits liaison. Coverage is clearly and comprehensively defined in an employee handbook. All full-time employees receive health and medical benefits. Part-time employees hired after May 1, 1994 are not entitled to receive paid medical benefits.

The borough is commended for reducing health insurance costs with this policy.

In 1994, the borough administrator reviewed and analyzed the rates offered by its former provider, the Bergen Municipal Employees Health Benefit Fund (BMED). The New Jersey State Health Benefits Plan, and other private insurance companies, were also reviewed. Consequently, the borough decided that a self-insurance plan was the best alternative, and adopted this program in 1995. The projected cost of staying with BMED was \$416,284.

In 1996, the borough had a maximum liability or aggregate stop loss of \$373,075. In 1996, the plan cost the borough \$380,468. The borough was reimbursed for the amount in excess of the stop loss by its excess liability insurance carrier. After the reimbursements, the borough expenditures were \$43,209 less than the projected 1995 BMED premiums.

The borough is commended for reviewing its alternatives in providing health and medical insurance coverage and realizing the resulting savings. Continued monitoring of this coverage and its associated costs is recommended.

Deductibles

In 1997, the borough increased its deductibles from \$100 to \$200 for single coverage and from \$200 to \$400 for family coverage. This increase will save the municipality approximately \$10,400 annually.

The borough is commended for this cost containment measure.

Opt-Out Provision

Per resolution No. 82-95, if an employee is eligible for health benefits coverage, but does not wish to be covered and furnishes proof of substitute coverage, the employee is permitted to opt-out of health benefits coverage. In exchange, the employee is entitled to receive up to \$1,500. To date, no employee has “opted-out”.

As a further cost savings measure, the borough should require a co-pay for other than single coverage. Based on the borough’s current employee benefit profile, we suggest this may save approximately \$23,600 if a 10% co-pay is implemented.

Recommendation:

The borough should implement a co-pay policy of 10% for employees with family, husband/wife, or parent/child coverage.

Cost Savings: \$23,600

Dental Insurance

This coverage is provided by Delta Dental Plan of New Jersey, and is described in an employee handbook. In February, 1997, the borough changed carriers from the Guardian Life Insurance Company of America to Delta Dental. A significant premium increase was anticipated from Guardian due to four consecutive years in which claims exceeded the premium. The borough received a more favorable quote from Delta Dental.

Life Insurance

All full-time employees are entitled to a \$15,000 life insurance benefit. This coverage is provided by the Life Insurance Company of North America and the Guaranteed Mutual Life Company. The premiums paid to these companies in 1996 were \$2,539 and \$1,810, respectively.

This provision is duplicative as all employees are already entitled to life insurance coverage through the pension system. While this benefit is a nice gesture on the municipality’s behalf, it is not necessary to provide this type of benefit since it is already provided through other means.

Recommendation:

The borough should eliminate life insurance coverage for all employees.

Cost Savings: \$4,349

Other Insurance

Prescription and vision benefits are included in the hospitalization and major medical coverage.

Risk Manager

The risk manager, per Resolution No. 25-98, is contracted for annually and is responsible for canvassing various insurance providers to solicit and determine the best possible combination of benefits and rates for the borough. The risk manager is required to “assist the municipality in the preparation of applications, statements of values, and similar documents requested by the Bergen County Municipal Joint Insurance Fund”.

The risk manager solicits bids every year for medical and hospitalization insurance and every two years for dental coverage. The borough administrator reviews the quotes provided by the risk manager and makes a recommendation to the council.

The borough is commended for its regular solicitation of insurance providers.

Risk Manager’s Fees

As stated in the Resolution No. 25-98, “the risk manager is paid an amount equal to 6% of the municipality’s annual assessment as promulgated” by the JIF. In 1996, the fee was \$8,000 and was paid by the borough. The risk manager is also paid an amount equal to 6% of the municipality’s annual assessment in the MEL. In 1996, the fee was approximately \$2,800, and was paid by the MEL. This cost is included in the annual premiums.

LEGAL

The borough retains a borough attorney, a planning board attorney, a zoning board attorney, a labor attorney, a bond counsel, a prosecutor and a public defender. The planning board attorney and zoning board attorney are addressed in the planning and zoning sections, respectively.

Borough Attorney

The borough attorney’s annual retainer includes attendance at meetings of the governing body, drafting of resolutions and ordinances, and unlimited advice and consultation services regarding municipal matters to the elected and appointed officials. Additional work includes developer’s agreements, tax appeals, matters of litigation, and minor personnel matters.

Many routine resolutions are drawn up by the borough administrator and borough clerk and, subsequently, reviewed by the borough attorney before adoption. The department heads also draft competitive bid specifications and contracts when necessary. These initiatives enable the borough to reduce the cost and time to prepare resolutions and competitive specifications and contracts.

In 1996, the borough attorney received a retainer of \$33,800 and an additional \$48,821 for items outside the retainer such as litigation of tax appeals and capital projects. The rate for items not included in the retainer is \$135 per hour.

Labor Attorney

The labor attorney is responsible for PBA contract negotiations and personnel matters. In 1996, the labor attorney received \$4,051 based on a rate of \$125 per hour.

Prosecutor and Public Defender

In 1996, the prosecutor received an annual retainer of \$15,600 to prosecute municipal, criminal and traffic offenses, while the public defender received \$1,939 based on a \$125 per adjudicated case, and \$63 otherwise.

Bond Counsel

The bond counsel is responsible for:

- (a) preparing Bond Ordinances and Certified Records of Proceedings, billed at \$400 each;
- (b) issuing Note Sales at \$.50 per thousand dollars, with minimum fee of \$800;
- (c) issuing Bond Sales at \$3,500 each, plus \$1 per thousand dollars of bonds issued up to the first \$15,000 and \$.75 per thousand dollars thereafter;
- (d) Refunding Bond Issues at \$5,000 for each refunded issue in addition fees noted herein.

In 1996, bond counsel received \$6,500. Hourly rates were \$175 for attorneys and \$90 for legal assistants.

Contract Specifications

Overall, the provisions and requirements of the attorneys' agreements were adequately defined. However, there are a few items that could be further delineated in the documents. The resolutions adopted for the planning and zoning board attorney contracts did not illustrate the "cost of additional services". The planning board attorney resolution did not mention the cost of the annual retainer. Furthermore, the planning board attorney contract did not contain a "fee schedule" or a "not to exceed clause".

Recommendation:

For clarification purposes, LGBR suggests that professional contracts be written more consistently and with as much specificity as necessary and reasonable. This will help to allay questions and confusion, as well as provide for easy identification of the provisions of each contract.

PURCHASING

Staffing

The purchasing department is staffed by a full-time purchasing agent and a part-time account clerk who works 30 hours per week. Per municipal code chapter 87-4, the borough purchasing agent shall be the head and have general supervision of this department. The purchasing agent has been certified as a registered public purchasing officer since 1992.

Financial

In 1996, \$57,551 was expended in direct salaries and benefits for this department. All other costs are embedded into the administrative/executive budget.

Functions

All purchasing and accounts payable functions are handled in this office. The account clerk assists the purchasing agent in all areas. Other duties of the purchasing agent include maintaining the fixed asset inventory and processing the paperwork necessary for all grant reimbursements.

Purchasing policies and claims procedures are outlined in the municipal code book chapter 87 and chapter 24, respectively. Other relevant purchasing and claims procedures are outlined in several resolutions.

Emergency purchase procedures are outlined in the municipal code book chapter 87-11. In 1996, there were two emergency purchases; one for a snow removal loader and another for repair of catch basins in the amounts of \$15,700 and \$11,400, respectively.

In 1996, Montvale revised its claims approval procedure regarding the number of signatures required. Previously, signatures were required from the administrator, purchasing agent, treasurer, department head, *and the council liaison to the department, as well as, the council liaison for finance.* Problems arose processing payments because it was sometimes difficult to obtain the signatures of the council members who are part-time and not at the municipal building daily. Resolution No. 213-96 required that vouchers under \$200 would not require any council member signature. Vouchers between \$200 and \$1,000 would require the signature from the council liaison to the department, while vouchers over \$1,000 would require signatures from both the council liaison to the department and the council liaison to finance. A bill list is done once a month at the first council meeting of the month.

The borough is commended for processing bill payment in a more efficient manner.

Purchase orders (PO's) are generated by each department and submitted to the purchasing agent for review. Encumbrances are done by the purchasing agent and the PO is forwarded to the administrator every Friday for review and signature. Over 5,000 PO's are processed annually.

Montvale participates in the Bergen County Cooperative Pricing System. Items such as oil, fuel, sand, and salt are purchased annually at very competitive prices. The borough also used the county's underground storage tank contract, saving over **\$5,000** in engineering fees. While the borough has used the cooperative pricing system in many areas, the borough feels the county could expand its services and do more for its member municipalities.

The borough is commended for seeking purchasing resources to lower costs and is urged to organize with other municipalities to maximize the services of the county.

Automation

The purchasing department has a dated, stand-alone computer system to process PO's and claims payment. This system is not linked to the finance department's system.

The computer system requires the data entry of nine fields such as transaction date, account number, PO number, vendor number, and encumbered amount to process a PO. To process the payment, the same nine fields must be data entered a second time. The PO data cannot be stored by the system. Assuming it takes approximately 30 seconds to enter the nine fields and, based on the number of PO's processed annually, approximately 41 hours per year valued at \$952 are spent re-entering the fields a second time. A link to the finance department's system or a new system which could store the PO fields would permit the purchasing agent to focus on other purchasing details. Thus, the borough would receive a productivity enhancement of 41 hours or \$952. The borough should proceed with its plans to implement a new computer system, which is linked to the finance department and, which can store the fields necessary to process a PO payment.

BUDGET

The borough administrator distributes budget requests to departments in August of each year. In October, each department's budget request is returned to the administrator who then reviews each request carefully and prepares a budget for presentation to the council during the first week in January. After several budget meetings, the council introduces the budget in February. A budget newsletter outlining the introduced budget is mailed to each household prior to the public hearing. The budget is usually adopted in March.

Financial Projections

The Borough of Montvale assumes a conservative approach when it comes to financial practices pertaining to fiscal responsibility and accountability, which serves the taxpayers well. There are areas of the budget itself, however, that LGBR believes could be managed less conservatively, while still protecting the borough's interest. These areas include the estimation of tax collections and revenues which, in turn, drive the estimation of surplus.

Surplus:

The chart below represents a five year history of the current fund balance and indicates a steady increase in the surplus over these years. The largest increase took place from 1995 to 1996, when the ending surplus balance increased \$624,922, or 44.7%. The primary causes contributing to these increases appears to be the underestimation of the collection rate coupled with the

understatement of budgeted revenues, particularly in the areas of interest on investments, municipal court fines and costs, and interest and costs on taxes.

	1993	1994	1995	1996	1997
Municipal Budget	\$7,770,317	\$8,468,049	\$8,523,687	\$9,181,364	\$9,400,294
December 31st Surplus - Prior Year	\$ 291,583	\$ 487,523	\$ 826,763	\$1,396,445	\$2,021,366
Surplus Percentage of Budget	3.8%	5.8%	9.7%	15.2%	21.5%

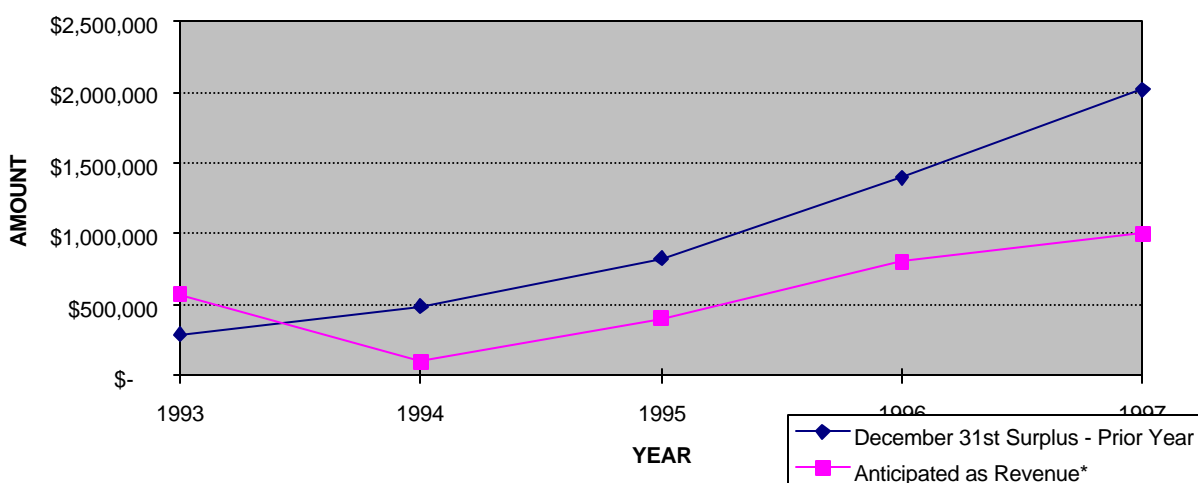
(a) Audited financial statements for 1997 were not available at the time this report was prepared. Information for 1997 was taken exclusively from the 1997 and 1998 budgets.

Though the borough currently has a “healthy” surplus, this was not the case in 1993. Due to a change in auditors and an accounting error involving bond proceeds, the borough miscalculated its surplus level and budgeted \$570,000 of surplus as anticipated revenue although only \$290,000 actually was available. The mistake was later caught by the auditor, but not until after the adoption of the 1993 budget. Although the borough budgeted \$570,000, no surplus was actually used or realized as revenue.

Municipal officials intentionally built up the surplus in response to the mistake made in 1993 and for two other important reasons. First, after a 1992 revaluation, the borough experienced an enormous number of tax appeals resulting in refunds over \$2,000,000. Second, the borough was wary of a trend of annual reductions in state aid. The municipality successfully raised its surplus to a fiscally responsible level. By 1994 and 1995, the surplus level had increased to \$926,763 and \$1,796,445, respectively. As the charts below show, the borough has steadily increased its surplus level and has also increased its appropriated surplus each year, accordingly.

	1993	1994	1995	1996	1997
December 31st Surplus - Prior Year	\$ 291,583	\$ 487,523	\$ 826,763	\$1,396,445	\$2,021,366
Anticipated as Revenue	*\$ 570,000	\$ 100,000	\$ 400,000	\$ 802,000	\$1,000,000
Percentage Used	195.5%	20.5%	48.4%	57.4%	49.5%

Surplus Available vs. Surplus Budgeted

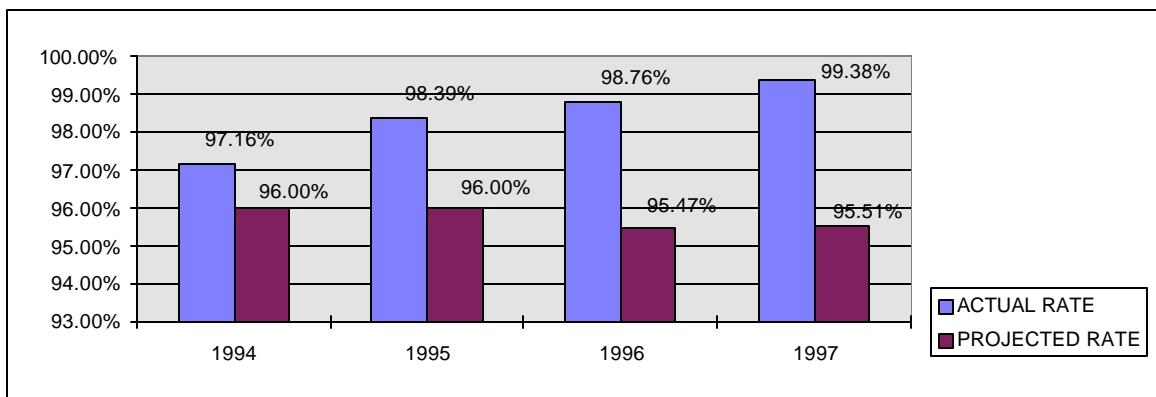


Recommendation:

The borough is commended for taking the initiative to solve its surplus crisis. However, it is suggested that the borough now discontinue its policy of building surplus as the current level appears to be adequate and the severe level of tax appeals resulting from the revaluation has diminished.

Tax Collection Rate:

Underestimation of the tax collection rate was also used to successfully solve the borough's surplus problem. Underestimation of the property tax collection rate has a magnified impact on municipal property taxes because the uncollected taxes for schools and the county are included in the municipal budget as part of the reserve for uncollected taxes. In 1996, the projected collection rate was 95.47% while the actual collection rate was 98.76%. This amounted to a percentage difference between projected versus actual of 3.29% in 1996. In 1994, 1995 and 1997, the projected collection rates were underestimated as well by 1.16%, 2.39% and 3.87%, respectively.



Had the borough used a higher estimate for the projected collection rate, it would have been able to decrease the amount needed to be raised through taxation. For example, if a one-half percent improvement in the projected collection rate had been used in 1996, this would have meant a decrease of \$103,184 in the amount to be raised by taxes.

Recommendation:

Though we understand the borough's desire to provide for an adequate surplus, we suggest that the borough use a projected tax collection rate closer to its actual collection rate now that the surplus is at a "healthy" level.

Cost Savings: \$103,184

Revenues:

In 1996, total revenues realized were \$10,336,266 compared to total revenues budgeted of \$9,181,364. This amounted to excess revenues of \$1,154,902, or 12.58%. Similarly, actual revenues for 1994 and 1995 were 3.57% and 9.08%, respectively, greater than budgeted revenues.

The borough also received unanticipated, non-budget revenues from 1992 through 1996 totaling \$514,185 over the last five years, with the highest amount being \$144,339 in 1996. Unanticipated revenues that have occurred repeatedly include those received in the following categories: sewer maintenance agreements, miscellaneous refunds, fees, receipts, and reimbursements, and Handy Harman Sewer fees. While these revenues reoccur annually, there can be significant fluctuations from year to year. Thus, it is appropriate to keep these revenues as unanticipated, non-budget revenue items.

Debt Service

The goal of any municipality that seeks to properly manage its debt service is to stabilize its debt payments in such a way so as to avoid severe fluctuations. As of December 31, 1996, the borough was carrying \$6,142,313 in debt. Net debt issued totaled \$5,805,473 and consisted of \$5,904,000 in general bonds, notes and loans (\$2,580,000 in bonds and \$3,324,000 in notes) less \$98,527 in funds temporarily held to pay bonds and notes. General bonds and notes issued but not authorized were \$336,840 in bonds and notes authorized but not issued.

The borough is limited by state statute (N.J.S.A. 40A:2-2) to a maximum bonded indebtedness equal to 3½% of its equalized assessed valuation. Based on information contained in the borough's 1996 audit report and extracted from the Annual Debt Statement, the percentage of statutory net debt was .58%. In 1996, the borough paid \$693,480 in principal and interest for bonded debt issued and \$299,849 in principal and interest payments on its BANs and capital notes.

The borough also paid an interest payment on issued tax anticipation notes (TANs) of \$45,858 in 1996 and ended the year with a zero balance in current fund debt. There are no TANs issued in 1997, however, the borough had been issuing TANs on an annual basis as a standard budgeting practice.

The borough is commended for its discontinuation of annual tax anticipation notes.

In 1992, the borough's net debt was .30%. The increase resulted from refunding bond ordinances in 1992 and 1995 totaling \$2,277,000 to cover tax appeals. The borough successfully petitioned the Local Finance Board to spread the payment over seven years.

Debt Service	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
<i>(appropriated)</i>	\$653,309	\$819,814	\$802,920	\$1,039,188	\$1,190,613

Each February during the budget review process, the finance officer submits an annual debt service analysis to the administration and council. Each year, the borough also evaluates whether it will be beneficial to proceed with permanent financing based upon existing and projected economic conditions.

The borough is commended for its annual debt service analysis practice and reviewing its financing options regularly.

Capital Improvements

In 1996, the borough expended \$125,400 in total capital improvements. These funds were allocated for various projects including road repairs, facility improvements, and equipment purchases. In the 1997 budget, the borough appropriated \$438,000 for capital improvements in total, which consisted of \$238,000 in the capital improvement fund and \$200,000 for the road improvement program.

According to the capital improvement section in the 1997 budget, the borough proposes a three year capital plan for years 1997 through 1999 of \$3,546,000. Included in this capital plan is approximately \$2,000,000 for an addition to borough hall for the police department. If the projects in this capital plan were approved, \$200,000 would be funded using direct capital methods, \$227,600 from the capital improvement fund, and \$2,565,000 in authorized debt. The remaining \$554,000 would be funded in future years.

In 1997, Montvale received \$294,000 in additional and unanticipated revenue from the state energy receipts tax. The entire amount must be anticipated in the 1998 budget. The borough council reviewed options for this revenue. Applying these funds towards debt service payments was given serious consideration, however, the council decided to use these funds directly to pay for 1998 capital projects on a “pay as you go” basis.

We support the borough’s detailed review of the financing of capital improvements to find a proper mix of “pay as you go” and bonding.

Audit Findings

A review of the audit findings of the last four years revealed a gradual decline in the number of audit comments and their recurrence from year to year. In the 1993 audit, there were fourteen recommendations, four of which were from the prior year. The 1994 audit contained five recommendations, with three being carried over from the prior year. In 1995, the borough auditor identified two recommendations with one being carried over from 1994. The 1996 audit report contained one recommendation, with the same being identified in the previous year.

Based on state and federal regulations, the chief finance officer is required to respond to the auditor’s findings and must submit a corrective action plan within sixty days from the date the audit is received by the governing body. The borough has complied with these regulations and has submitted corrective action plans according to the specifications required.

It appears that most of the audit findings have been addressed. The most significant finding that has recurred for the last four years involves the monitoring and maintaining of the public assistance funds. The most recent corrective action plan involved the borough request for a field supervisor from the General Assistance Program Unit in the Division of Family Development in the State Department of Human Services to review the client case files. As a result of this

review, the welfare director was instructed to fully complete the mandated forms and file all documents required to substantiate and ascertain client eligibility. These corrective actions have been implemented and will be monitored by the General Assistance Program Unit, as well as the borough.

The team commends the borough for effectively and aggressively pursuing audit recommendations.

CASH MANAGEMENT

Functions

Cash management functions are handled primarily by the treasurer. The Certified Municipal Finance Officer (CMFO) is involved with the cash management system, although not on a day-to-day basis. The treasurer confers with the CMFO and the borough administrator regarding procedural changes, investment strategies, and banking service arrangements.

The borough maintains its cash deposits with First Union Bank and the New Jersey Cash Management Fund (NJCMF). As such, the borough's cash position is monitored and controlled in a very prudent manner, which has resulted in significant fiscal benefits.

Staffing

Treasurer

The treasurer has been with the borough for twelve years and also serves as the payroll supervisor, employee benefits coordinator and tax collector. The costs of the treasurer's position are outlined in the tax collector section. The treasurer's responsibilities include:

- (a) monitoring of the borough's cash accounts deposited with First Union Bank;
- (b) monitoring the two cash accounts deposited with the New Jersey Cash Management Fund (NJCMF);
- (c) maintaining an up-to-date daily cash book;
- (d) reconciling ten of the fourteen cash accounts;
- (e) reconciling the two NJCMF accounts;
- (f) validating and monitoring the monthly expenditures;
- (g) providing information to and working with the CMFO, as required;
- (h) managing and executing cash investments; and
- (i) preparing, editing and distributing the biweekly payroll.

Certified Municipal Finance Officer (CMFO)

The CMFO is a part-time employee who was appointed by resolution to a four year term. The position requires "approximately fourteen hours per week, plus an additional seven hours twice a month, if needed". Evening and weekend work is expected, as needed. The CMFO actually works between fourteen and twenty-one hours a week, which includes two evenings a week at the municipal building in addition to weekend work at home.

CMFO duties include:

- (a) maintaining the general ledger;
- (b) assisting with the budget preparation;
- (c) providing guidance and assistance with the computer technology issues;
- (d) preparing debt service requirements;
- (e) executing the voucher procedure;
- (f) processing 1099 documents;
- (g) maintaining budget transfers;
- (h) maintaining capital ordinances;
- (i) coordinating grant reporting; and
- (j) reviewing all cash reconciliation's exclusive of the bail and violations accounts.

In 1997, the CMFO's gross salary was \$19,656 in addition to receiving pension, social security and medicare benefits. The estimated position value was therefore \$21,211. In 1996, the previous CMFO received \$19,458 with a position value of \$21,530. Under the contract terms of the CMFO hired in 1997, the borough benefited from a \$1,874 reduction in financial administration expenditures during the finance officer's first year of employment.

Clerical Assistant

A part-time clerical assistant is available to the treasurer for a few hours a week to assist with the payroll and to reconcile the payroll and health claims accounts. These accounts are subsequently reviewed and verified by the treasurer.

Cash Management Plan

The borough adopted Resolution No. 01-97 in accordance with P.L. 1983, Chapter 8, Local Fiscal Affairs Law; N.J.S.A. 40A:5-2. This document includes: (a) designated official depositories, (b) scheduled deposit of funds, (c) definition of allowable investment instruments, (d) definition of acceptable collateral and protection of borough assets, (e) compensating balance agreements, (f) reporting procedures, (g) diversification requirements, (h) maximum maturity policy, (i) investment procedures, (j) return on investment policy, (k) internal controls, (l) bonding coverage, and (m) compliance issues.

Banking Relationship

First Union Bank has served as the borough's primary banking partner for several years. The borough engaged First Union when it was formerly known as First Fidelity.

There is a written agreement with First Union regarding its services. The borough has a long-standing and positive relationship with this firm and is confident that it is being served well. The primary reasons for this strong and positive, long standing relationship are service and convenience.

The borough solicited a Request for Information (RFI) from six local banks in April 1997. In doing so, the borough was able to make a fair and educated comparison of services and related costs. Furthermore, by obtaining competitive proposals, Montvale could look at its current level of banking services in comparison to organizational needs. This permits an opportunity for change and keeps the organization abreast of banking services and products in the marketplace. In the final analysis, First Union offered the most favorable package and the borough maintained its agreement with the bank.

The borough is commended for this practice.

Banking Services and Products

The borough does not utilize automated on-line services such as balance reporting. This mechanism enables the commercial client to access a real time accounting of the fund balances in any of its cash accounts. This service, as well as others, may be a viable alternative to a manual system, even for the smaller commercial customer. Currently, up-to-date account balances are provided by the bank upon request, and subsequently faxed to the treasurer.

A practical way for a local entity to determine the viability of any automated or other banking service is to meet with its government banking representative and discuss user needs versus product offerings. Presently, the borough meets with its banking representative at least once a year to review and evaluate the terms of its banking arrangement. The borough is satisfied with the level of services provided by First Union.

Recommendation:

It is suggested that the RFI, mentioned above, include the provision of on-line services.

Cash Accounts

There are fourteen accounts deposited with First Union Bank: (1) current, (2) health claims, (3) net payroll, (4) payroll agency, (5) bond and coupons, (6) dog trust, (7) claims fund, (8) capital, (9) trust, (10) housing trust, (11) unemployment, (12) developers escrow (RCA trust), (13) bail, and (14) violations.

Except for the developer's escrow account, all other accounts are under an "account analysis." This arrangement allows for the aggregating of cash balances at the end of each business day. Subsequently, the "float", "reserve requirement", and "balance required for services" are debited against the "average ledger balance". Subsequently, a "net available collected balance" is calculated and the interest earnings are computed and credited back to the current account.

This process enables the client to receive a competitive interest rate which turns out to be higher since it is paid against a larger aggregated account balance. This is in comparison to the traditional method of computing interest against individual accounts.

This process, termed by some banks as a “sweep account”, benefits the client in many ways, which include: (a) a competitive rate indexed to the 91-Day T-Bill which is earned on the net available collected balance, (b) monthly service charges are debited against the compensating balances instead of having to pay fees in hard-dollars, (c) cash balances can be adjusted easily to accommodate the service fee debits, and (d) comprehensive and timely monthly statements that describe the individual types of services and related costs.

At year-end 1996, the aggregate “net available balance” from all accounts except the developer’s escrow was \$1,081,705. Interest earnings for the year were \$38,026.

Cash Flow

The daily cash flow is monitored closely by the treasurer and reported to the borough administrator. Although there is no formal and mechanized cash flow analysis, the borough monitors and controls its flow of funds to ensure that over-expenditures and negative account balances do not occur.

The accounts are carefully scrutinized during the month to ensure that excess balances, also known as idle funds, do not occur. Additionally, only active and necessary accounts remain open. In doing so, this helps to minimize the administrative overhead involved in maintaining these accounts.

The borough is commended for its cash flow management, even though there is no formal analysis done.

Investment Accounts

The borough also maintains two accounts with the New Jersey Cash Management Fund (NJCMF). Results have been positive since it was first used in 1992. At the end of 1996, there was \$2,813,896 and \$754,687, respectively, in the current and capital accounts deposited with the NJCMF. Interest earnings were \$77,139 and \$13,857, respectively.

Cash Account Analysis

Our analysis of the available cash in the bank and year-to-date earnings illustrated that the borough garnered a competitive interest rate on its fund balances. The actual interest paid by First Union Bank was compared to the estimated potential earnings from the New Jersey Cash Management Fund (NJCMF), as well as to the 91-Day T-Bill. The 1996 interest earnings recorded were \$38,026, \$39,718, and \$39,658 from First Union, the NJCMF and the 91-day T-bill, respectively.

LGBR realizes that a cash account can never be taken down to a zero balance, thus, the NJCMF and 91-Day T-Bill will always record a higher yield. However, the interest earnings recorded are extremely close which illustrates the success of the investment practices. Therefore, LGBR concludes that the borough did its best to maximize interest earnings.

We believe that the borough is doing a good job managing its funds.

TAX COLLECTION

Staffing

The tax collection office is staffed by a full time tax collector/treasurer and an assistant to the collector/assessor. The tax collector, who has held this position for 12 years, is a certified tax collector and is tenured. The tax collector normally splits her time between tax collection and treasury functions, depending on the time of the year and the volume of work. Additional responsibilities of the tax collector include the coordination and preparation of the biweekly payroll and the coordination of employee benefits. Priority is given to tax collection. The assistant is shared between the tax collector and the tax assessor, and spends approximately 75% of the time performing tax collection duties. The tax collector also receives assistance, when necessary, from two other administrative staff who are cross trained and serve as back up to the assistant on specific tax collection functions.

According to the tax collector, there are 2,548 tax lines in the borough. Using a benchmark established from prior Local Government Budget Review reports, an efficient staff to tax line ratio is about 3,000 items per person. Based on this data, it appears that the office is appropriately staffed given the current number of tax lines.

Financial

The borough's 1996 audit report and payroll records indicate the tax collection office expended \$90,807 in salary and wages and \$7,071 in other expenses, for a total of \$97,878.

Collection Rates

In 1996, the borough's tax collection rate was 98.76% and in 1997 it was 99.38%. The average/acceptable current tax collection rate for the state is 95%. Upon reviewing the borough's 1996 Audit Report, it was determined that the collection rate has increased steadily since 1994 when the rate was 97.16%. The tax collector attributes this increase to the office's delinquent notification procedure. This entails the mailing of delinquent notices twice a month until the end of October, followed by mailings done three times a month in November, and weekly in December. Telephone calls are also conducted by the tax collector in December, in addition to the weekly mailings. As identified in the 1996 Audit, the office collected \$243,602 from delinquent taxes which represented 95% of the delinquent tax receivable as of December 31, 1995.

We commend the tax collection office for its successful collection efforts, its steady increase of collection rates since 1994, and its excellent rate in 1997.

Operations

The tax billing and collection process is very standard in its procedures as prescribed by Title 54 in the New Jersey State Statutes. Tax bills are sent out in June of each calendar year. The tax bills are generated by a private billing firm, which has been providing this service to the borough for over 10 years. This firm charged the borough \$2,140 in 1996. The LGBR team has also identified other private vendors that offer comparable data processing services for 28 cents per bill, or an estimated cost of

\$840 based on Montvale's number of bills. This is \$1,300 less than what is currently being paid by the borough for this function.

Recommendation:

The borough is urged to solicit requests for proposals every two or three years to ensure that services and rates are competitive. In contracting for services for the preparation of tax bills, the borough should either solicit quotations or advertise for competitive bids on a periodic basis in accordance with the applicable requirements of the Local Public Contracts Law.

Cost Savings: \$1,000

All corresponding and relevant tax preparation is performed by the tax collection office in advance and is supplied to the vendor on tape. The billing firm sends the tax notices directly to the borough. Once the bills are received by the borough, they are verified and subsequently mailed to residents. Payments are due quarterly on the first of February, May, August, and November.

Payments are received either through the mail or in person. In August, 1995, the tax collection office increased its hours of operation by opening one hour earlier during the quarterly tax collection periods. Coverage for this extra hour is staffed by the tax collector at no additional cost to the borough. By opening the office at 7:30 a.m. versus 8:30 a.m., the tax collector has been able to better accommodate the borough's elderly and working residents. The tax collection office does not utilize an after-hours drop box for people to leave their payments after borough hall has closed. The tax collector believes there is no need for a drop box.

The tax collection office utilizes other various collection procedures in order to enforce the timely payment of taxes according to the provisions of the New Jersey State Statutes. In addition to the delinquent notification procedure, the borough conducts appropriate and timely tax sales, lien and foreclosure procedures. As of December 31, 1996, the borough had four tax title liens outstanding in the amount of \$13,322. The last tax sale was held on September 26, 1996 and was complete. The tax sale resulted in the borough selling one piece of property valued at \$29,400 based on the last assessed valuation of the property. The other two pieces were removed from the tax sale list by court order.

Recommendation:

It is recommended that the borough's technology plan pursue opportunities to upgrade its tax collection software and contract services to accept electronic payments with automatic account posting. This would reduce the current work load, especially when large volume mortgage companies begin to pay electronically, and allow for greater efficiencies within the office.

The tax collector function appears to serve the borough well and we commend the staff's effort.

TAX ASSESSMENT

Staffing

The tax assessment office is staffed by a part-time tax assessor and an assistant to the collector/assessor. The tax assessor serves as a tri-borough assessor for Montvale, Park Ridge, and Woodcliff Lake and has held this position since 1993. The assessor normally devotes one and one-half days or approximately 10.5 hours per week to Montvale. The assistant is shared between the tax collector and the tax assessor. It is anticipated that the assistant will spend approximately 75% of the time on tax collection duties and 25%, or 8.75 weekly hours performing tax assessment duties.

Financial

The 1996 cost for the tax assessor's position was \$21,597 in direct salary and benefits. The assessor does not receive health benefits from the borough. Twenty-five percent of the assistant's direct salary and benefits are \$8,727. In 1996, there was \$5,311 expended in other expenses. The total tax assessment cost for 1996 was \$35,635. In 1992, an outside consultant was contracted to conduct a revaluation for both Montvale and Woodcliff Lakes at a combined cost of \$ 91,000.

Tax Appeals

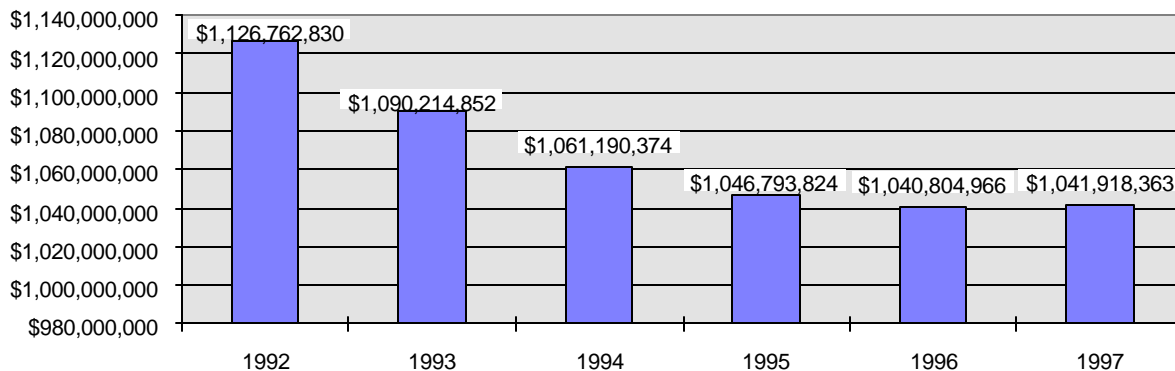
After the 1992 revaluation, the borough experienced a reduction of property values due to tax appeals in excess of \$183 million from 1992 through 1996. The chart below shows the annual reductions:

1992	\$74,188,057	1995	\$ 9,044,600
1993	\$49,547,532	1996	\$ 3,174,000
1994	\$47,214,338	Total	\$183,168,527

The municipality has apparently been able to buttress these losses with a healthy surplus.

Assessed Valuation

The Bergen County Abstract of Ratables from 1992 to 1997 shows that Montvale has consistently reported over one billion dollars of assessed valuation from 1992 to 1997. The chart below shows the annual assessed valuation:



As the chart indicates, the assessed valuation decreased each year from 1992 through 1996. In 1997, the borough experienced its first assessed valuation increase since the revaluation.

Analysis

The Borough of Montvale is in an enviable position when comparing its ratable structure with other municipalities. It is heavily invested in the commercial industrial office ratables, which are often highly sought after by municipalities when attempting to create a stable tax base.

The standards promulgated by the International Association of Assessing Officers (IAAO) indicate municipalities with 3,000 to 5,800 line items should have a part-time assessor working 15 to 35 hours per week and a second employee working 10 to 30 hours per week depending upon the community's specific characteristics. Montvale has 2,548 tax lines, its assessor works 10.5 hours per week and the assistant works approximately 8.75 hours per week. While it seems that the borough is somewhat in line with the IAAO standards, its significant commercial and industrial properties is a specific characteristic that warrants more hours than communities with a comparable number of line items.

The hours worked by the assessor and the minimal support staff time is not sufficient amount to oversee a ratable base in excess of one billion dollars. Clearly, in comparing municipalities with similar situations, Montvale stands alone in devoting minimal amounts of time to its assessing functions. Ridgewood, Fair Lawn, and Elmwood Park have a comparable ratable base over one billion dollars and have full-time assessors.

In the past, the assessor has deferred to the outside consultant who handled the revaluation to handle tax appeals at both the county and state levels. The revaluation contract stipulated that the consultant would handle all county and state tax appeals for 1993, 1994 and 1995 at no additional cost. In 1996, the borough paid the consultant \$9,000 for state appeals, while county appeals were handled by the assessor.

A change to a more enhanced part-time position or even a full-time position would allow the assessor to review the economic shifts that occur day to day. An increased part-time position or full-time position may act as an insurance policy to guard against the sizable amounts of ratable losses which have occurred in the past due to tax appeals.

Most, if not all, of the reductions in assessed valuations due to tax appeals have been negotiated settlements rather than court ordered reductions. The mayor has taken an active role by meeting with corporate leaders and negotiating settlements rather than expending the legal fees for a judicial decision. Additional assessor hours to monitor related issues would provide the mayor with additional information which would be beneficial when negotiating settlements.

POLICE

Montvale recently had a police management study conducted by a private sector firm. The department and the municipality requested that areas covered by their study not be duplicated by the LGBR review in order to avoid potential inconsistencies that might result in re-direction of the improvements currently underway. Thus, several areas which LGBR normally reviews have been omitted, at the request of the borough, from the review. These areas include staffing structure, use of uniformed vs. civilian staff, staffing levels per shift and workload analysis.

Demographically, Montvale is similar in population, area and density per square mile to the following communities: Allendale, Leonia, River Vale, Upper Saddle River and Woodcliff Lake.

In comparison, Montvale has the second highest crime rate per 1,000 (16.2) among these municipalities. According to the crime index, there were a total of 114 crimes including only two violent crimes. Most of the crime in these communities in the past two years was in the form of larceny, burglary and domestic violence.

Staffing

In 1996, the Montvale police department consisted of 22 full-time and 15 part-time personnel. There were 20 uniformed personnel consisting of the police chief, one captain, three sergeants, two detectives, and thirteen patrol officers. Civilian personnel included two full-time secretaries and the part-time employees which included four crossing guards, two traffic control personnel, and two matrons. There are also seven special law enforcement officers.

In 1995 and 1996, the borough received federal COPS FAST and COPS Universal grants, respectively. Two uniformed officers were added to the department's contingent bringing its total to 22 uniformed officers. The borough receives \$75,000 over three years for each officer and is required to increase its number of officers from 20 officers to 22 officers.

Financial

In 1996, the Montvale Police Department salaries, benefits and overtime totaled \$1,810,808 for uniformed officers and detectives. Office support salaries and benefits totaled \$56,760. The special police expenses were \$35,967 and crossing guard expenses were \$13,712. Other expenses were \$41,289 for a total operating cost of \$1,958,536. The value of vacation, sick, holiday and personal days was \$230,588.

Services

The department offers community oriented services such as DARE and alcohol education in the schools. There are four officers/instructors responsible for these in-school programs. The department also instructs various groups in crime prevention. The department is planning to institute a seniors call in program and a ride along program.

Recommendation:

We support the programs in place and suggest that the borough consider other community oriented services such as danger stranger and driver safety programs.

Technology

The computer technology used by the borough is not adequate for the needs of a modern police department. The current system is incapable of networking and accessing various databases. The municipality is currently evaluating the technology needs of all departments including the police department for the purpose of providing the necessary tools to accomplish its mission in a thorough and efficient manner.

We commend the anticipated upgrade/replacement of these computer systems.

Retirement

The State Legislature recently passed L. 1997 c. 330, which involves the health benefits for retired police officers. Under this new law, the State of New Jersey will provide health insurance coverage through the state managed care system and will pay 80% of the premium and periodic charges. This law provides an incentive to retire for those police officers with 25 years or more of service.

In Montvale, there are five members of the department with more than 25 years of service. These five members of the police department are paid \$462,003 in salary and benefits. If these senior officers retired and were replaced with new personnel at the entry level, the municipality could save approximately \$183,000 in the first year.

Detective Bureau

The department has two detectives who work a rotating shift. They have a total clearance rate of approximately 15% which is below the state average of approximately 20% and the county average of 22%. Montvale's clearance rate in the classification of robbery, assault and vehicle theft ranges from 60% to 100% while its clearance in the classification of burglary and larceny ranges from 0% to 6.1%.

Dispatch

Dispatching services are provided to Montvale by Tri-Boro Radio, which also serves Park Ridge and Woodcliff Lake. Tri-Boro Radio has been successfully serving these communities for more than 50 years ever since its first transmission was made on October 8, 1946. In 1995, Tri-Boro radio along with the entire county went on line with "enhanced 911" service. This included all new equipment, new consoles, new phone system and three computers. Dispatch can converse with police cars via Mobil Data Terminals (MDT).

The organization of the dispatch function is currently in a transition period. In the past, each municipality had one dispatcher that was paid by that municipality. The new system will put all dispatchers on the Montvale payroll and the borough will be reimbursed for one third of the full cost (salary and o/e) by each of the participating municipalities. Currently, three of the four full-time dispatchers are Montvale employees and upon retirement of the fourth dispatcher, all dispatchers will be Montvale employees.

The 1996 cost for the four permanent and four temporary dispatchers was \$149,485 for salaries and benefits plus \$90,846 for other expenses. The total cost to the municipality was one third of \$240,332, or \$80,111 per year.

In 1996, Tri-Boro Radio handled 4,927 police calls, 177 fire calls and 318 EMS calls for a total of 5,422 Montvale dispatch calls.

In Ocean County, 31 of the 32 municipalities contract with the county for dispatch services. In 1997, approximately 209,000 calls for service were answered using 19 dispatchers which equates to approximately 11,000 calls per dispatcher. In 1996, Tri-Boro Radio handled 16,869 total calls for all three municipalities using four full-time dispatchers. This equates to approximately 4,217 calls per dispatcher.

Based upon the Ocean County calls per dispatcher, it is believed that Tri-Boro Radio could add several other nearby municipalities without having to increase its current staffing level and staffing costs. There would, of course, be some additional operating expenses to add new municipalities.

The total Tri-Boro Radio costs would be shared by more municipalities and would decrease costs to each of the three original municipalities accordingly. For example, if Tri-Boro Radio added just one nearby municipality, the costs would be divided among four boroughs rather than three. Using 1996 costs, each borough would have paid \$60,083 rather than \$80,111 per year.

Recommendation:

While we commend the service provided by Tri-Boro Radio and the interlocal cooperation needed to make this service function effectively, the borough and Tri-Boro Radio should consider offering its services to other nearby municipalities.

Cost Savings: \$20,028

FIRE/EMS

Organization and Staffing

The Montvale Volunteer Fire Department consists of a fire chief, one assistant chief, two captains, two lieutenants and 41 volunteer firefighters. This volunteer organization answered 192 fire or emergency calls in 1996. The department is currently in the process of revising its standard operating procedure manual.

Financial

The operational cost of this department to the municipality is \$58,299. The municipality also pays \$102,760 for hydrant service to United Water of New Jersey. All volunteers are given a lump-sum payment of \$400 per year for a clothing allowance, if they attend a minimum number of drills and calls. An additional \$7,730 was paid to ten individuals for reimbursements for expenses.

Equipment

Below is a list of fire equipment.

- 1979 Crown Fire Coach - 500 gallons
- 1983 Crown Fire Coach - 500 gallons
- 1991 LTI Ladder Truck - 400 gallons
- 1995 Custom Fire Rescue Responder - 750 gallons
- 1988 Ford LPD Sedan - Chief's Car

There is a 20 year replacement cycle for fire apparatus. The department is currently planning to replace the 1979 Crown Fire Coach with an attack pumper at a cost of \$350,000 to \$400,000. There is very little market value for this 1979 truck to be retired because the manufacturer is no longer in business and parts are difficult to find. It had been suggested that the department retain the truck as a source of parts for the 1983 Crown Fire Coach, however, this is not worthwhile as the styles are very different.

The vehicle purchase committee is just being formed to analyze the needs of the community and the department. Also, the department has reduced the size of the fire apparatus fleet by one vehicle since 1995.

Recommendation:

The borough should evaluate its present policy of paying a flat rate clothing allowance with the borough attorney to ensure that its provision of compensation to volunteer firemen within the volunteer fire department is consistent with the provisions of N.J.S.A. 40A:14-36 and any other applicable state statutes.

Training

Fire training is done through Bergen County Fire Academy and all firefighters must pass the basic fire course. There is no fee charged.

Interlocal Cooperation

The borough has mutual aid agreements with several communities. There are Primary Aid agreements with Park Ridge and Woodcliff Lake and there is an agreement with Pas-Com (Pascack Valley Mutual Aid) which includes the six communities of Hillsdale, Westwood, Rivervale, Old Tappan, Emerson and Washington Township. There is also an informal agreement with Rockland County, New York.

We commend the volunteer spirit and sense of community of the fire fighters. Their efforts provide a much needed service at a reasonable expense to the municipality.

EMS

Emergency medical services are provided by Tri-Boro Ambulance Corps, which is a private non profit organization and also provides EMS services to Park Ridge and Woodcliff Lake. It operates with three apparatus and approximately 50 volunteers.

The Tri-Boro Ambulance Corps has existed for over 60 years. Its facility is centrally located in Park Ridge, approximately one mile from the Montvale municipal complex, and is dispatched by Tri-Boro Radio. In 1996, the Tri-Boro EMS responded to 1,010 total calls with 318 of these calls in Montvale.

Each municipality contributes one-third of the funds required for this service. Montvale contributes \$12,000 annually and \$4,154 for insurance totaling \$16,154. Every other year, a fund raiser known as the Mayor's Ball is held and usually raises \$30,000 to \$40,000 for the organization. Last year, a single benefactor contributed a one time gift of \$100,000.

The municipal officials and the community consider Tri-Boro Ambulance Corps to be one of the best emergency medical services in the county. The cost appears to be reasonable.

The municipality and the Tri-Boro Ambulance Corps volunteers should be commended for the service they provide and the interlocal cooperation necessary to provide these services economically.

EMS Helicopter Coordination

As reported by emergency officials, there have been some problems coordinating emergency medical services within Bergen County. The problems involve the dispatching of ambulance helicopters.

New Jersey's aeromedical program is a cooperative program known as JEMSTAR. This cooperative program outlines aeromedical procedures and protocol and involves the following groups:

- New Jersey State Police
- New Jersey Department of Health
- University Hospital Trauma Center
- Cooper Hospital/University Medical Center Trauma Center
- Robert Wood Johnson Trauma Center

- West Jersey Health Systems
- Regional Emergency Medical Communications Systems
- Gloucester County Communications Center

When an accident occurs, the first responder is often a police officer or firefighter with EMT training. At this time, the first responder determines whether the injuries are serious enough to require helicopter service. If required, the officer or firefighter contacts and requests the helicopter ambulance. The ground ambulance is also dispatched from the local hospital and requests the helicopter. The ground ambulance is responsible for calling off the helicopter ambulance if they arrive first and determine that the air transport is not necessary. One of the problems has been the ground ambulance's reluctance to agree to the need for the helicopter.

Montvale had an incident where the ground ambulance told the helicopter, which was enroute, that it was not needed. The ground ambulance made the decision that the helicopter was not needed prior to arriving on the accident scene and discerning the severity of the injuries. The current operational protocol tasks the first responder with requesting the helicopter as deemed necessary, while the ground ambulance is responsible for the final determination as to the necessity of the helicopter. Local officials feel there is a need to change to the aeromedical dispatch procedure giving the authority to rescind a helicopter or standby request only to personnel at the accident scene.

Recommendation:

The borough is urged to meet with JEMSTAR officials to improve the aeromedical dispatch procedure.

In another incident, the local fire department, as required, secured a safe landing area for the dispatched helicopter and was guiding the helicopter on final approach for landing. The ground ambulance dispatch switched the fire department to another radio frequency due to the heavy volume of radio traffic. The ground based ambulance drove across the helicopter landing area in a position that was a blind spot for a helicopter attempting to land. The fire department and the first responder were unable to contact the helicopter or the ground ambulance and communicate that it was crossing the landing area and creating a hazardous condition. While JEMSTAR addresses communication and radio frequency issues, local officials feel there is a need to improve the protocol for communication and radio frequency assignment and usage at accident scenes.

Recommendation:

The borough is urged to meet with JEMSTAR officials to improve the protocol for communication and radio frequency assignment and usage at accident scenes.

Problems coordinating emergency medical services involving helicopter ambulances may also exist because the ground ambulance from the hospital and the helicopter ambulance compete to see which organization receives the patient. The crew which receives the patient is subsequently allowed to charge for its services against the patient's insurance.

MUNICIPAL COURT

While the team recognizes the separate authority and responsibility of the judicial branch of government, we have made the following comments and recommendations in an effort to provide the borough with information on current and potential operations, procedures and programs available to the court. Recommendations are made with the knowledge that further review and approval will be required by appropriate judiciary personnel.

Staffing

The municipal court is staffed by one judge, a full-time court administrator and full-time deputy court administrator. The judge has served in the borough since 1984 and also presides in two other municipalities. The court administrator and the deputy have been with the borough for eleven and four years, respectively. A clerical assistant has been assigned to assist the court staff for approximately two hours a day, and has been working in this capacity for approximately two years. The court administrator and deputy share responsibilities in the office and during court sessions.

Financial

In 1996, the cost for salaries and direct benefits was \$104,411. The judge and clerical assistant receive medicare, pension, and social security benefits and do not receive health benefits. The court administrator does not receive overtime or compensatory time. Only the deputy court administrator is entitled to overtime and received \$994 in 1996. Operating expenditures were \$39,681. The total cost for salaries, benefits and operating expenditures were \$144,092. In 1996, court collected \$207,073 in total for fines and court costs.

Office Automation

The court administrator uses the Automated Traffic System/Automated Complaint System (ATS/ACS), which are under the jurisdiction of the Administrative Office of the Courts (AOC) in Trenton and are accessed online via modem. Correspondence is prepared on an electronic typewriter.

Recommendation:

The court is urged to contact the AOC to ensure that automated features of the systems are maximized to reduce as much manual work as possible.

Courtroom Facilities

The courtroom is located on the main floor of the municipal building, and can accommodate up to 225 people. The judge and assistant, either the court administrator or the deputy, sit at the same dais used by the borough council. The bench is equipped with a protective shield and a panic button, as prescribed by the AOC.

There is no separate entrance for the judge to enter the courtroom. Likewise, there is no private area for the prosecutor and attorneys to meet with defendants, witnesses and police. Instead, the lobby or outside of the building is currently used. In some instances, the conference room may be used. The borough has architectural plans for an addition to the police department which will allow for a separate entrance for the judge and a private conference room. The downpayment for the project has been budgeted and a bond ordinance funding the project is anticipated in 1998.

The team supports the borough's efforts at recognizing and meeting the needs of the court.

Court Sessions

The regular court sessions are held on the first, second, and third Wednesday of the month at 5:30 p.m. and typically last four to five hours. A special session is held for DWI and drug-related cases on the second Wednesday of the month at 9:00 a.m., and typically lasts two to five hours. The court schedule is adequate to cover the caseload and it allows for the police to appear in court with a minimum impact on their schedule and overtime pay.

Courtroom Security

A police officer is always on duty in the courtroom, and is assigned by the detective/sergeant. The officer assigned to court duty is usually testifying as a witness, or is appearing in relation to minor criminal and traffic offenses. In 1996, approximately \$6,300 was expended for court duty by police.

All fines are taken at the main office lobby counter, which is located directly opposite the courtroom. The entire counter has a thick Plexiglas partition installed as a precautionary measure.

Data Recording

The recording of fines and dispositions of cases are entered into the ATS/ACS by the court administrator and the deputy. Separation of duties is used as an internal control measure. The person entering the complaint and associated monetary penalties is not the same person who enters the revenues collected. This separation of duties is vital to maintaining the integrity of the revenue side of the court system.

The court is commended for its established internal controls.

Caseload and Statistical Analysis

In 1996, the court disposed of 2,400 traffic and 291 criminal cases. Hillsdale, which was also recently reviewed by LGBR, disposed of a comparable amount of cases: 2,170 traffic and 297 criminal cases.

The traffic charges "disposed of" compared to those "added" during the year were 96.04% in Montvale compared to 99.77% in Hillsdale Borough. Likewise, the criminal offenses "disposed of" in Montvale, were 106.20%, compared to 87.10% in Hillsdale. In 1996, both municipalities had excellent case disposition rates.

Both Montvale and Hillsdale had very good collection rates. The total collections to the total fines and court costs show Montvale with collection rates of 103.74% and 105.12% for traffic and criminal offenses, respectively. Hillsdale's collection rates were 103.30% and 95.07% for traffic and criminal offenses, respectively.

An analysis of delinquent complaints and time payments shows, at the end of 1996, there were no delinquent complaints and there were 26 outstanding time payments with a value of \$9,700. Based upon LGBR information, this appears to be a low amount for outstanding time payments. These figures are only for criminal offenses as traffic data is not available.

Recommendation:

The court is encouraged to aggressively pursue and exercise all permissible procedures in the collection of revenue due the court.

PUBLIC WORKS/UTILITY OPERATIONS

Staffing

The Department of Public Works (DPW) staffing consists of one superintendent, one mechanic, and seven general laborers.

Financial

Salaries and wages for full-time employees, based on position value in 1996 was \$403,187 and \$15,482 for part-time employees for a total of \$418,669. Other operating expenses totaled \$80,937 for a total operating budget of \$499,606. Overtime for the same period totaled \$29,176, which was mainly due to the plowing operations associated with the blizzard of 1996.

Policies and Procedures

There are no written policies and procedures outlining the public works operational responsibilities.

Recommendation:

It is suggested that the superintendent, along with the borough administrator, develop a DPW policies and procedures manual. The manual should include the assignment and use of vehicles and equipment, and should outline standard operating procedures and responsibilities on a daily, weekly, monthly and seasonal basis.

Functions

The DPW is responsible for maintaining the borough's roads, public grounds, vehicles/equipment and buildings. The workweek is 7:00 a.m. to 3:30 p.m., Monday through Friday. With the exception of emergencies, Saturday operations are restricted to recycling duties.

The main building is a six bay brick garage containing offices and storage areas. The building is well designed as a repair facility and is capable of supporting repairs to both light and heavy duty vehicles. Located in the rear of the main facility is a salt storage shed. All buildings appear to be well maintained. All trucks are equipped with radios to afford the superintendent constant communications with his crews.

All employees are required to possess a Commercial Drivers License (CDL) and the borough periodically checks to ensure that these licenses are valid. In accordance with federal law, random drug testing is performed for all CDL holders. The borough contracted with Health Net to conduct its drug testing during 1996 at an estimated cost of \$600. The department also has an on-going safety program including a written safety policy.

We support the safety measures implemented by the borough.

Work Load

Major operational areas for the DPW are road repairs, parks, ballfield and grass maintenance. Secondary or seasonal operational areas include plowing and road sign work. The DPW does not maintain written work schedules. Tasks are assigned based on the superintendent's experience, observations of the DPW staff, the community's needs, and input from local residents.

Clearly defined work schedules for routine tasks would allow the superintendent to develop and retrieve information such as, time expended on jobs, equipment use, fuel costs, and would allow for the quantification of work completed. This would be quite beneficial and would allow the borough to make comparisons against private industry and other municipalities to determine the cost effectiveness of its operation and the feasibility of outsourcing DPW responsibilities.

Recommendation:

Though it appears that the work is being done adequately and appropriately, it is suggested that the superintendent develop clearly defined work schedules for routine tasks and develop follow up reports on completed assignments.

Staffing Analysis

In reviewing the DPW staffing structure, a structured chain of command was not evident. Currently, in the superintendent's absence, the next senior employee is in charge. The abilities of the senior employee or his willingness to accept the responsibility are not considered.

An assistant or foreman, who can assume responsibility for the day to day operations of the department in the superintendent's absence, should be appointed. The foreman should be capable of making decisions regarding the department's short and long term needs. The foreman would also assume some daily supervisory duties from the superintendent. This new position should be compensated at a higher rate, approximately 15% higher than the laborer's salary, based on comparable positions reviewed by

the team. In 1996, the top DPW laborer salary was \$43,000. Under this proposal, a foreman's salary should be approximately \$49,450.

Recommendation:

It is suggested that the borough appoint an assistant or foreman to assume some daily operational responsibilities of the DPW and to direct the DPW in the superintendent's absence.

Value Added Expense: \$6,450

The superintendent reported that he spends approximately three hours per day or fifteen hours each week performing clerical duties such as, processing bills for payment, completing forms and answering common questions from residents.

Much of this work could be done by a lower paid, part-time clerk. If a clerk were hired to perform these tasks, the superintendent would be free to pursue other duties more suited to his position. This would afford him time to review different functions of the operation, collect data to ascertain the cost effectiveness of each operation, and compare these costs to the private sector.

If the superintendent's clerical duties were reduced by three hours each day, there would be a productivity gain of 735 hours, or \$24,343 based upon superintendent's hourly rate of \$33.12; the hourly rate is calculated by dividing the superintendent's position value of \$68,984 and the 2,080 annual work hours. The cost to hire a part-time clerk would be \$7,800 based on a rate of \$10 per hour. The borough would realize a net productivity enhancement of \$16,543 once the gross productivity enhancement of \$24,343 is reduced by the cost of the new employee.

Recommendation:

We suggest that the borough hire a part-time clerk to assist the superintendent in performing clerical duties.

Productivity Enhancement: \$24,343

Value Added Expense: \$7,800

Street Sweeping

Montvale has 51 miles of borough and county roads which are swept, on average, twice per year. The downtown area receives extra attention and is swept once each month. The island areas on the county roads are also done an additional three times for a total of five times per year. This equates to 222 curb miles swept each year.

The borough currently owns a 1981 Elgin sweeper and, according to the equipment list, the sweeper is in fair condition and replacement is scheduled in 2000. The superintendent indicated that due to a recurring starting problem, the borough has not been swept recently. While there is no information on the actual time spent sweeping, the superintendent estimates approximately two weeks, or 80 hours are required for each revolution. An additional 72 hours per year are needed to sweep the downtown areas and another 9 hours are required to sweep the islands for an annual total of 241 hours.

Street sweeping is seldom a cost effective operation due to the time required to perform each revolution, cost of the equipment and the low number of times it is used. Assuming that 241 hours are required to perform all the sweeping in the borough and using the staff's average hourly rate, the labor cost based on position value would be \$4,460. Fuel, maintenance and disposal fees are estimated at \$500. The average cost of a new sweeper is \$125,000; using a ten year life cycle, the annual cost would be \$12,500. If the unit is replaced, the total annual expense for street sweeping will be \$17,460 or \$78 per curb mile.

Sweeping contracts range from \$40 to \$90 per curb mile. For example, the Borough of Ringwood outsourced its street sweeping operation for a contract price of \$46.25 per curb mile. If Montvale were to reduce its costs to \$50 per curb mile, a savings of \$6,360 could be attained.

Recommendation:

The borough should consider contracting future street sweeping operations when the current sweeper is retired for a potential savings of \$6,360. This could be done by either private entities or by sharing services with another municipality and, thereby, realizing revenue to offset a portion of the expense.

Cost Savings: \$6,360

Streets and Roads

The borough maintains 38 miles of municipal roads. In general, the superintendent described the condition of the roads within the borough as poor and in need of resurfacing. The superintendent prepared a list of roads requiring re-paving and is working with the borough engineer to develop a road repair schedule. The public works department is not equipped to do overlay work or reconstruct roads, but does maintain equipment to perform patch work. The borough has ordered a new truck, which will greatly improve its road patching capabilities.

The borough's road program in 1997, was approximately \$490,000, consisting of \$200,000 in borough funds and \$290,000 in Department of Transportation (DOT) grants. The borough's effort to secure bids for its 1997 re-paving projects resulted in the return of only one bid. As a result, the borough decided to put off all re-paving projects until 1998. For the 1998 budget year, an additional \$200,000 was appropriated for re-paving, bringing the total re-paving fund to \$750,000, which includes \$60,000 for engineering design fees.

Snow Removal

The department is responsible for plowing borough roads and local school lots. The borough operates, on average, nine plows and/or six sanders/salters per storm. Montvale police are responsible for dispatching the plows and sanders based on road conditions.

Bergen County does not plow county roads within Montvale. The borough and the county have a written agreement, whereby, the county will reimburse the borough at a rate of \$75 per hour for the plowing of county roads. Montvale contracts with private firms at a rate of \$115, whenever necessary.

Thus, the borough absorbs a cost of \$39 per hour, or approximately 34% of the plowing costs for county roads. The borough is willing to absorb this difference in exchange for greater control over the plowing operations on Montvale roads.

The borough may wish to consider pursuing a re-negotiation of the reimbursement rate for plowing county roads. It is difficult to determine how much savings could be achieved by this since it is impossible to predict the annual snow fall. In 1997, a mild snow year, the borough absorbed approximately \$2,900 of these costs, while in 1996, an extremely heavy snow year, Montvale absorbed approximately \$20,000; in 1995 the borough absorbed \$9,000. During these three years, the borough paid approximately \$94,000 to private vendors for plowing county roads and were reimbursed \$61,800 by Bergen County.

Recommendation:

The borough should re-negotiate the reimbursement rate for plowing county roads to recover at least 85% of the costs incurred by the borough.

Cost Savings: Approximately \$2,000

Vehicle Maintenance

In 1996, Montvale's public works fleet consisted of 12 road vehicles, 6 pieces of heavy equipment and 13 pieces of miscellaneous equipment, such as, salt spreader bodies, riding mowers, paint machines and a wood chipper, for a total of 31 pieces. The average age of the DPW road vehicles was seven years old. The superintendent maintains a vehicle inventory, which shows the vehicle age, condition and targeted replacement date. In addition to its own fleet, the DPW also maintains 12 police vehicles. As a rule, the borough includes extended warranties when purchasing new vehicles. These warranties reduce the responsibilities of the mechanic for all maintenance with the exception of regularly scheduled preventive maintenance.

Vehicle Equivalents:

"Vehicle equivalents" is a method to determine the staffing level needed to maintain vehicles. It was developed by the US Air Force and is recognized by various fleet management consulting groups as one of the best guidelines for analyzing staffing levels. This method determines the average hours of maintenance and repair a vehicle requires and translates those hours into vehicle equivalents. For example, a passenger vehicle requires approximately 17.5 hours of work per year, while a trash compactor truck may require 136 hours of work per year, which would be eight times the work of a passenger vehicle or a vehicle equivalent of eight.

Based on the number of vehicles, age and estimated maintenance requirements, excluding miscellaneous equipment, Montvale has an approximate vehicle equivalent of 44 vehicles.

A vehicle equivalent ratio is determined by using the number of available annual mechanic hours. A full-time mechanic has 1,784 available annual hours. This figure is calculated by reducing 2,080 hours,

which is the annual hours under a 40 hour work week, by the average number of vacation days (15), holidays (12), and sick days (10). The available hours (1,784) are divided by the maintenance requirements for one passenger vehicle (17.5 hours) to determine the industry standard vehicle equivalent ratio of approximately 102 vehicle equivalents per mechanic.

Montvale has one full-time and one part-time mechanic equal to 1.5 mechanics and the borough's fleet of vehicles has a vehicle equivalent of 44 vehicles. Thus, the borough has a vehicle equivalent ratio of 29.3 vehicles per mechanic. As one can see, this figure is far below the industry standard of 102 vehicle equivalents per mechanic.

Fleet Maintenance Analysis:

The maintenance of the fleet is split, as some repairs are contracted with private vendors depending on the nature of the repair, and the skill level and tools required for the job. Other are performed in house due to the mechanic's limited knowledge of new technologies and the lack of the very expensive, diagnostic equipment needed to perform these repairs. Most required parts are purchased as needed, thereby, reducing the need to maintain a parts room.

In-house costs directly attributed to mechanical repairs for one mechanic and one part-time helper were \$93,639 for salaries based on position values and \$43,600 for outside vendor costs for a total of \$137,239. Therefore, the average annual cost per vehicle is approximately \$3,573.

Repair orders in the traditional sense do not exist and the maintenance records kept for an operation such as Montvale are insufficient. Information such as actual hours, standard hours, repair codes, parts dispensed and costs are not recorded. Without this data, vehicle maintenance costs are difficult to determine and must be based on averages rather than a cost per hour. Collecting and analyzing data based on billable hours will allow the superintendent to measure the performance of the DPW mechanic against industry benchmarks and compare the DPW operation against the private sector to determine cost effectiveness of the operation.

The borough should consider computerizing the management of the fleet as described and contracting for future mechanical repairs when the current mechanic retires. A contract could be bid to include the following provisions:

- A) A flat rate pricing for regular preventative maintenance items such as tune-ups and oil changes;
- B) An hourly rate for other repairs based on an accepted benchmark manual such as Chilton or Motors;
- C) A percentage discount for parts;
- D) Inclusion of performance standards and turn-around requirements in the contract.

By contracting out repair, the borough only pays for actual billable hours and avoids all indirect labor and benefit costs. Based on the existing fleet, one experienced mechanic should be able to handle all maintenance requirements of the fleet. The superintendent could re-direct the 1,664 hours, valued at \$28,898, expended by the helper into other functions. Once maintenance records are kept in a

sufficient manner, comparisons can be made with private industry and the borough could achieve a cost saving by outsourcing mechanical repairs.

Recommendation:

The borough should consider installing a computerized fleet management system at an appropriate cost between \$1,500 and \$3,000 to track all fleet/equipment maintenance and should evaluate outsourcing all vehicle maintenance.

Productivity Enhancement: 1,664 hours, or \$28,898

Value Added Expense: \$1,500 - \$3,000 (one-time)

Lawn Maintenance

The DPW cuts grass in the borough's parks, ballfields and other municipal grounds and expends approximately 1,747 hours, or 12% of its total effort on this operation. Based on position values, the cost of this operation is estimated at \$32,336. Of the 1,747 hours, two thirds, or 1,146 hours are spent cutting recreational grounds.

The borough should consider contracting the cutting of the parks and ballfields and/or the cutting of other municipal grounds. This would reduce DPW's overall workload by approximately 8% to 12%, or 1,146 to 1,747 hours. These hours could be used on other necessary functions within the borough. Unfortunately, it is difficult to calculate any potential savings since the time estimates for lawn maintenance are rough estimates. Actual time devoted to lawn maintenance should be carefully monitored to better evaluate potential savings from lawn maintenance outsourcing.

Recommendation:

The borough should consider contracting for all or a portion of its lawn maintenance operations when better data is available.

Fueling

Montvale, Park Ridge and Woodcliff Lake entered into an inter-local agreement to install and share a single fueling facility. A partitioned tank holding both gasoline and diesel fuel was installed at the Park Ridge public works facility in 1992. This fueling site supplies fuel to the three boroughs as well as the Tri-Borough Ambulance Squad, and the local and regional school districts.

By signing this agreement, Montvale avoided the costs associated with upgrading its own tanks. The cost for the entire facility was over \$126,000. Montvale's share was approximately \$52,000. The dispensing of the fuel is controlled by a computerized, key activated system. Each vehicle is assigned a key which enables the system to track fuel usage by vehicle. Reimbursement for fuel to Park Ridge is the current purchase price plus an administrative fee of \$0.02 per gallon to cover operational expenses. During 1996, Montvale police, public works and fire department purchased 30,626 gallons of fuel at a total cost of \$23,259. Administrative fees for the period were \$613.

The borough should be commended for its effort to reduce costs through pursuit of interlocal agreements.

UTILITIES, WATER AND SEWER

The borough's water is supplied by a private company and is billed directly to the residents based on meter readings. Sewerage from the borough is processed by the Bergen County Utility Authority (BCUA) in Little Ferry. To move the sewerage, the borough maintains three pump stations which were rebuilt in 1996 at a cost of \$355,000. All sewerage flow is metered for both liquids and solids and bacteria levels are also monitored. As with other municipalities in the county, the utility authority meters sewerage flows for a twelve-month period from January 1 to December 31. The flow for that period is calculated, billed back to the borough during the next calendar year, and collected in quarterly payments. The 1996 total sanitation flow charges were \$706,133. Sewerage charges for 1997 were \$634,000 and 1998 charges are \$595,000. The steady decreases are due to reduced flow levels and improved metering efficiency within the BCUA.

The borough is equipped to and is capable of performing catch basin repairs. Catch basins are currently cleaned only on an emergency basis and it is estimated that over 350 catch basins need some type of repair. During September, 1996, the borough engineer determined that six catch basins were in need of immediate repair. Emergency repairs to these basins were immediately contracted for, due to the limited time available before the cold weather arrived, at a cost of \$11,400.

As part of an interlocal agreement, the borough entered into a joint venture with the Borough of Park Ridge to purchase a sewer jet. Currently, the lines are flushed only when clogs appear, as opposed to periodic flushing as a preventive measure. Montvale also participated in the joint purchase of a sewer camera which is used to monitor sewer lines.

According to the superintendent, the sewer system is not routinely inspected nor flushed. From all indications, only one section of the sewer system has ever been inspected, which took place in 1989. The inspection of sewer lines is an important part of maintaining a sound system. Line inspections provide information on system condition, impending problems and possible infiltration. Infiltration of ground or rain water into the sewer system adds unnecessary costs to the borough's sewerage processing fees.

As previously mentioned, bacteria levels are monitored by the BCUA and have a direct effect on the fees charged to the borough. Higher bacteria levels generally mean higher fees. Periodic flushing could help reduce bacteria levels which might reduce the BCUA fees, although there would be additional costs for the periodic flushing. It is generally believed that system flushing is beneficial to obtaining proper flow. Systems with proper flow do not clog and avoid emergency calls to clear the system.

The borough should consider initiating an annual sewer maintenance program. The borough has the necessary equipment at its disposal and only needs to find the staff resources. Montvale could use up to 3,051 hours available in potential productivity enhancements from outsourcing of lawn and field

maintenance, fleet maintenance, and street sweeping as recommended by LGBR. This would be equivalent to 1.5 full-time equivalent (FTE) employees.

Recommendation:

It is suggested that the borough consider initiating and phasing in an annual sewer flushing, inspection and repair program.

TRASH/LEAF COLLECTION/RECYCLING GRANT PROGRAM

Staffing

The borough employs a part-time recycling coordinator for 15 hours per week to oversee the trash, recycling and leaf collection.

Financial

Under a five year contract, the borough spends \$200,000 per year for trash collection and \$55,000 per year for curbside recycling pick-up. Tipping fees for 1996 trash collections were \$264,065. During 1996, Montvale disposed of 2,715 tons of municipal waste and 5,916 tons of recycled material. Of the 5,916 tons of recycling materials, 2,384 tons were from residential and 3,532 tons were from commercial sources.

Salaries and wages for 1996 were \$19,603 and other expenses were approximately \$42,094. The total cost for recycling operations, excluding costs for public works personnel, was \$61,724. In 1996, the borough received \$42,613 in recycling grants.

Functions

The borough contracts for the collection of trash, recycling and leaf collection. Curbside pickup for trash, leaves and recycle material, as well as grass clippings, yard waste, brush and branches are included in the current contract. Leaf collection takes place from October 20th to December 31st. Leaves are placed in compostable bags and picked up curbside on the regularly scheduled trash collection day.

Periodically, Montvale publishes a comprehensive recycling newsletter, which addresses topics such as collection schedules, mandatory items by type, leaf collection, grass cutting alternatives and composting tips.

Despite providing a curbside pickup program and efforts to inform all residents about it, Montvale continues to operate a recycling center for the convenience of its residents. The DPW provides staffing for two hours each Wednesday and eight hours each Saturday. Most of this time is spent directing residents to dispose of materials into the correct containers. Although DPW staff is not paid overtime, compensatory time is received. The corresponding cost in lost productivity to the DPW is 592 hours, or \$10,957.

If the borough reevaluated its position of operating a recycling center when it already pays for curbside service, it could save approximately \$7,175 in hauling fees, and \$10,957 in lost productivity at the DPW. Grant funds could be re-directed to off-set the existing curbside recycling costs. The recycling center area could be used to store gravel, wood chips and seasonal equipment used by the DPW and would relieve some congestion at the rear of the DPW complex.

Should the borough deem the recycling center as a necessary service and wish to continue operating the recycling center for the convenience of its residents, it should evaluate its use of DPW personnel at the recycling center. The borough should consider hiring hourly employees to serve as recycling aides. At \$7 per hour, the borough could reduce its cost from \$10,957 to approximately \$4,144.

Recommendation:

The borough should consider closing the recycling center at borough hall for a savings of \$7,175 and a productivity enhancement between \$6,813 and \$10,957. If the borough wishes to continue this service, however, it should consider replacing the DPW personnel with hourly employees, at a cost of \$4,144, for a productivity enhancement of \$6,813.

Cost Savings: \$7,175

Productivity Enhancement: \$6,813 - \$10,957

UNIFORM CONSTRUCTION CODE/CODE COMPLIANCE

Staffing

In 1996, the borough employed one construction code official, one control person, and five sub-code inspectors. All staff were part-time except for the control person. The construction code official also serves as the department head, the zoning official, and building subcode inspector while working about four hours per day, five days a week. In addition to his regular duties, he also serves on the planning board and represents the borough in any related matters before the municipal court.

The control person works thirty-five hours per week and, in addition to UCC related matters, performs clerical duties for the local code/zoning enforcement and Uniform Fire Safety Act functions.

The control person also receives 1.5 hours of daily clerical support from a part-time employee whose main responsibilities are for the municipal court. This clerk performs various functions, such as making deposits, issuing permits, and Certificates of Occupancy (CO's). All subcode inspectors work approximately four to six hours per week depending on work loads and most inspections occur on Tuesdays and Thursdays.

Functions

The building department in Montvale is responsible for enforcing the state required Uniform Construction Code (UCC), as well as the borough mandated ordinances for residential, commercial and industrial zoning. Zoning code enforcement and property maintenance issues in Montvale are limited and do not require much time. The building department operates between the hours of 8:00 a.m. and 4:00 p.m. to serve the needs of its residents.

Staffing Analysis

In 1996, Montvale's building department had 1.9 full-time equivalent (FTE's) employees to administer its building and construction code needs. FTE's are determined by calculating the total hours worked rather than the number of employees. This provides a clearer view of the actual effort expended since all but one of the employees were part time. Based on the Department of Community Affairs (DCA) staffing analysis for 1996, the department should have had a staffing level of 1.7 FTE's. While this number shows the department to be only 0.2 over-staffed, a closer look is required. This number is offset due to the under-staffing of the construction/building subcode official position. This position was understaffed by 0.3 FTE, while the control person and fire subcode inspector positions were overstaffed by 0.4 and 0.1 FTE, respectively. This is based on the permit activity for 1996 and does not reflect the increased activity in 1997. The team believes that, overall, the staffing level is adequate and appropriate. When the need arises, additional work hours can be required of the part-time employees.

Financial

In 1996, salary and wages based on position value were \$119,601 and operating expenses were \$3,114 for a total budget of \$122,715. This does not include allocation of costs for space, telephone, postage or utilities. Revenues from Uniform Construction Code fees were \$158,069 and other fees and permits were \$17,619 for a total income of \$175,688. The Department of Community Affairs monitors these revenues and expenses.

Building Trend

The borough has seen an increase in construction and renovations over the past three years and this trend is expected to continue for at least several more years before it subsides. Permit activity from 1995 to 1996 increased by 6.43% and by 28.75% from 1996 to 1997. The chart below shows the increases over the past three years.

Once the building activity declines, the borough should consider pursuing shared services. Montvale could provide interlocal code compliance services to nearby municipalities, allowing for a steady revenue flow even after building activity levels off.

Recommendation:

The borough should consider expanding its current role in UCC services by pursuing interlocal agreements with surrounding municipalities, once the building activity in the borough subsides.

Automation

The Department of Community Affairs (DCA) requires municipalities with permit activity above 200 to submit monthly reports through the Uniform Construction Code Act Reporting System I or II (UCCARS I or II). UCCARS is an automated accounting and record-keeping system for code enforcement officials designed to reduce paperwork generated from UCC administration. UCCARS is capable of generating approximately seventeen reports providing a variety of information from permit fee log reports to due or overdue plan reviews. The Borough of Montvale complies with this mandate and submits its data on UCCARS I.

In addition to the UCC functions, the building department is also responsible for local code enforcement. Residents wishing to make additions to existing structures, install pools, decks or fences, must submit detailed plans for review by the zoning officer. The zoning officer reviews applications for compliance with the local codes and either approves or denies the applications. If denied, residents may apply to the zoning board for a variance. The construction official also serves as the zoning officer, devoting approximately five hours each week to zoning activities.

While UCCARS is a good system for UCC related functions, it cannot perform the same functions for local code enforcement. UCCARS has a miscellaneous section which is used to record local code enforcement activities. It can generate cash receipt summary reports for both UCC and non-UCC activities, but can only generate permit and certificate summary reports for UCC activities. In order to determine what transactions are non-UCC, a UCC permit and certification summary report must be generated and its total must be subtracted from the cash receipt report. Using this method, the non-UCC transactions for the past three years were 190 in 1995, 202 in 1996 and 311 in 1997. This shows a 6% increase from 1995 to 1996 and a 54% increase from 1996 to 1997.

The borough should consider up-grading its current UCC software to a software package which can perform both UCC and non-UCC functions. Newer programs have the capability to, not only track UCC data, but to also track and provide reports for zoning/planning, property maintenance violations and land use data.

When inspections are completed and permits closed, the program can print the appropriate certificate. These programs can also provide the tax assessor with copies of all issued permits and certificates, as well as weekly status reports on all open permits. Escrow account balances can be easily monitored. As account reserves are depleted, the system can automatically generate letters requesting additional escrow funds. To control backlogs, these programs can provide an inspector with a list, by lot/block number, of all pending projects in the area he/she will be working during that day. While out on scheduled inspections, the status of nearby pending projects can be checked. These programs will give

the borough the opportunity to monitor if fees charged reflect the costs incurred for each subcode inspector.

Depending on the sophistication desired, the software runs between \$3,500 and \$5,500. In addition, the borough should consider upgrading the computer used by the building department to current technology. Basic computer packages cost between \$1,200 and \$1,500. The costs related to upgrading software and hardware should not have a significant impact on the borough's budget and could be paid for using the additional revenues generated over expenses.

Recommendation:

The borough should consider purchasing a software package which can combine the collection of data for both UCC and non-UCC activities and upgrade the building department's computer with current technology.

Value Added Expense: \$4,700 - \$7,000

NJ UNIFORM FIRE SAFETY

Staffing

In 1996, one fire official and four inspectors, all part time, were employed.

Financial

Salary and wages for this unit based on position value were \$17,535 and operating expenses were \$14,668 for a total budget of \$32,203. Revenue generated was \$35,560 from fees and permits and \$4,795 from hazard use fees for a total of \$40,355.

Functions

The New Jersey Uniform Fire Safety Act, L. 1983 c. 383; N.J.S.A. 52:270-192 et. seq., was signed into law by former Governor Thomas Kean and established fire protection standards for business and multi-familial structures throughout the state.

Inspectors check for compliance with fire safety regulations set forth in New Jersey Uniform Fire Code and the New Jersey Uniform Construction Code. Items such as adequate means of escape, fire alarm systems, and other required fire protection measures and equipment are routinely checked to safeguard occupants from fire hazards.

The borough's fee schedule, established by ordinance, covers inspection costs based on square footage. In Montvale, there are 490 buildings which are inspected twice a year. A letter is used as official notification of fees due and recipients are requested to respond, with payment, within two weeks. The letter is accompanied by a registration form which must be completed and returned with the payment.

Currently, all activities for the Uniform Fire Safety function are manually recorded and tracked. The control person mails out letters and manually tracks responses. The borough should consider automating the Uniform Fire Safety operations. Automation should increase productivity, reduce data access time and reduce the need for paper record storage space.

The cost of these programs is approximately \$2,500 to \$3,500. Improving the automated UCC and non-UCC operations in addition to automation of the uniform fire safety operations should increase the productivity of the control person. This should eliminate the need for 1.5 hours of daily clerical support from the court clerk and would allow the court clerk to focus attention on other duties for a productivity enhancement of \$4,290.

Recommendation:

The borough should consider automating the recording and storing of data collected for the Uniform Fire Safety Unit.

Productivity Enhancement: \$4,290

Value Added Expense: \$2,500 - \$3,500 (one time)

PLANNING BOARD

Organization and Staffing

The planning board consists of nine voting members including a chairperson, the mayor, the council liaison and five members. All members are volunteers.

A full-time secretary serves part-time as the planning board secretary. Twenty-five hours per week are budgeted for planning board work, while ten hours per week are budgeted for borough clerk work. The planning board secretary, who was hired in September, 1997, is responsible for recording minutes, preparing meeting agendas, posting resolutions in newspapers, mailing permit approvals, processing applications and fees, and doing research, as required, for the chairman.

The planning board does not retain its own engineer. The borough engineer is used when technical reviews are needed. The borough does not employ, nor does it contract for, a professional planner. A planner is hired only as needed. When an application warrants the need for a professional planner, a professional services contract, usually for \$100 an hour, is executed. The planner's and engineer's fees are paid by the applicant. Thus, there are no engineering and professional planning costs to the municipality.

The borough is commended for appropriately controlling and charging for these costs.

Functions

The planning board is responsible for ensuring that the borough's development conforms to its master plan. As required by law, the periodic review of the borough's master plan occurred in 1995 at a cost of \$27,500. As in other communities, the planning board must deal with issues such as community development, housing (COAH), rezoning and parking. Montvale's land characteristics of ridges, valleys and significant wetlands pose specific problems for the board when reviewing applications. Building on steep slopes presents a number of problems such as access and soil erosion. In addition, the board must consider flood hazards, as development impairs the lands ability to absorb and store ground water.

During 1996, the board met twice each month and reviewed seven major sub-divisions, forty use permits, seven amended site plans, three final site plans, twenty-five sign permits, and three major soil movements. The building trend within the borough is expected to continue for several years.

Financial

The 1996 secretarial costs were \$24,064 in direct salary and benefits and \$15,660 in operating expenses for a total budget of \$39,724.

Legal Service

The planning board attorney has been retained by the borough since 1993. The annual retainer is \$5,250, which averages to approximately \$218 per meeting. The attorney is compensated at a rate of \$125 per hour for work performed beyond the attendance at regular meetings. These rates appear to be in line with surrounding communities.

Recommendation:

It is suggested that the borough solicit requests for proposals (RFP's) from interested law firms to ensure the legal services and rates are competitive and appropriate. According to N.J.S.A. 40A: 11-15, contracts for professional services, such as legal services, cannot be made for periods of more than twelve consecutive months.

BOARD OF ADJUSTMENT

Organization and Staffing

The zoning board, which meets once a month, consists of seven voting members including the chairman and six members. There are also two alternates. The board employs a part-time secretary who is responsible for meeting minutes, and tracking votes and motions. During 1996, the board reviewed eighteen applications.

Financial

Secretarial salary and wages in 1996 were approximately \$2,100 and operating expenses were \$4,695 for a total budget of approximately \$6,795.

Legal Services

The zoning board attorney has been retained by the borough for four years. The annual retainer is \$4,000 per year which averages to approximately \$333 per meeting. The attorney is compensated at a rate of approximately \$95 per hour for work beyond the attendance of regular meetings. These rates appear to be in line with surrounding communities.

Recommendation:

It is suggested that the borough solicit requests for proposals (RFP's) from interested law firms to ensure the legal services and rates are competitive and appropriate. According to N.J.S.A. 40A: 11-15, contracts for professional services, such as legal services, cannot be made for periods of more than twelve consecutive months.

According to N.J.S.A. 40:55D-25(c), municipalities with a population less than 10,000 are permitted to merge their planning and zoning boards. Based upon the number of applications reviewed by the zoning board in 1996, the borough should evaluate this option. By consolidating the boards, the borough could eliminate approximately \$4,000 in retainer fees and \$2,100 in salaries for a total of \$6,100. As previously noted, the current level of activity before the planning board is expected to continue for several years. When the planning board activity subsides, the merging of these two boards should be a viable and fiscally sound move.

Recommendation:

It is suggested that the borough consider merging the planning and zoning boards when the current activity level before the planning board subsides.

Cost Savings: Approximately \$6,100

HEALTH

Organization and Staffing

The Montvale Health Department is overseen by an autonomous five member board of health. Members must be borough residents and are appointed by the mayor with the approval of the borough council. The board is required by state law to meet the Minimum Standards of Performance (N.J.A.C. 8:52-1.1 et. seq.) in providing health services and programs to borough residents. The minimum standards encompass the following areas:

- **Administration** - includes administrative services, health promotion, public health nursing, and elective emergency medical services;
- **Environmental Health** - includes recreational bathing, camp grounds, youth camps, food surveillance, occupational health, public health nuisance, and elective institutional health;
- **Communicable Disease** - includes acute communicable disease, immunizations, rabies and zoonosis control, tuberculosis control, and sexually transmitted disease;

- **Maternal and Child Health** - includes infants and preschool children, child lead poisoning, improved pregnancy outcome, elective ambulatory health care for children, elective children's dental health, elective family planning, elective obstetrics, and elective school health;
- **Chronic Illness/Adult Health Services** - includes cancer services, diabetes services, cardiovascular disease services, health services for older adults, elective alcoholism control, elective ambulatory medical care, elective drug abuse control, elective nutrition, elective adult dental health, elective vision, hearing, and speech programs, and elective home health care.

A part-time secretary attends monthly board of health meetings and records the minutes for those meetings. A full-time administrative secretary serves part-time as the Registrar and performs almost all vital statistics and licensing functions.

The health department contracts for its health officer and public health nurse. The health officer is contracted through the Northwest Bergen Regional Health Commission, a non-profit public health agency, while its nursing services are contracted with Health Awareness Regional Program (HARP), an affiliate of Hackensack University Medical Center.

Services

The health department is responsible for the following functions: vital statistics, licensing, sanitary inspections, animal control, child and adult health conferences, the annual health fair, and other miscellaneous programs held throughout the year. Those services not directly provided by the department are obtained either through outside contract, donated professional services, or at the county level.

Regularly scheduled monthly programs include the child health conference, which is held on the fourth Tuesday of every month by appointment only, and the adult health conferences which are held on the first Monday and third Thursday of each month. The conferences are held at designated locations within the local area and run anywhere from two hours to four hours in length depending on the number of patients.

The health officer submits monthly reports to the borough which summarize health related activities for the month including sanitary inspections, violations, communicable diseases, animal bites, and associated administrative functions. According to the 1996 annual report, the health officer performed 67 sanitary inspections, answered 62 complaints, reported four cases of communicable disease, and responded to four animal bite incidents. The health officer's hours vary depending upon the department's scheduled clinical services and contractual requirements and the team was given no sound estimate on the average hours worked by the health officer.

Recommendation:

The borough should consider quantifying the actual hours worked by the health officer. This should help the borough to better evaluate the efficiency of the cost of its contract with the Northwest Bergen Regional Health Commission.

Through its contractual agreement, HARP provides the borough with public health nursing and health promotion activities. Under HARP's contract, health promotion activities consist of hypertension screening, cardiovascular risk factor assessment, counseling and education, general health needs assessment, follow-up and referral, and education. In addition to HARP's health promotion programs, other services provided include home visits, child and adult health conferences, and the Montvale annual health fair.

In 1996, HARP conducted 46 home visits, 12 child health conferences, 21 adult health conferences, and 19 promotion activities. A total of 42 children and 69 adults attended the conferences over the course of the year, amounting to 107 and 204 visits, respectively. A total of 795 participants attended HARP's promotion activities, while attendance at the annual health fair amounted to 300 participants.

Animal Control

The borough contracts for animal control services with Tyco Animal Control Service. In 1996, the borough paid \$6,879. Tyco's services are overseen by a certified animal control officer and licensed veterinarian and include the following: animal impoundment, removal, trapping, disposition, and emergency calls when necessary.

According to its 1996 survey regarding animal intake and disposition, Tyco brought in 16 dogs, 5 cats, and 93 wildlife animals and euthanised 2 cats and 10 wildlife animals at Tyco's shelter located in Rutherford. In 1996, the borough received \$3,683 for dog and cat licensing fees.

Registrar

The registrar's responsibilities pertaining to vital statistics and licensing includes the issuance and recording of licenses and the collection of fees. According to 1996 borough records, there were 37 marriage licenses, 70 death certificates, 45 marriage transcripts, and one burial permit. In 1996, the borough received \$1,267 in vital statistics fees.

Fees and Financial

The health department expended \$592 in salaries and wages to the board secretary for attendance at board of health meetings. Other salary and wage figures for licensing and registrar duties are embedded in the administrative/executive budget. Operating expenses totaled \$39,685 and included \$29,699 to the Northwest Bergen Regional Health Commission and \$8,900 to the HARP.

The 1996 audit report reflects that the board received \$12,081 in license fees. In 1997, the borough approved a fee increase effective January 1, 1998 for board of health licenses. The increase ranged from 50% to 150% depending on the type of license issued, and appears to be comparable to those fees being charged by neighboring communities. Based on the available 1996 revenue and expenditure data, it appears that revenues are covering approximately 30% of total expenses.

Recommendation:

The borough is commended for reviewing and updating its license fee schedules to ensure they are in line with applicable program costs. It is recommended that the health department identify the cost of each clinic or specialized service and charge a fee to cover those costs. Even if a \$10 fee was charged per participant or visit, similar to a co-pay charged by health insurance companies, this would help to defray the borough's amount of subsidy. Based on a total of 1,406 visits/participants in HARP's programs for 1996, the team believes the borough could realize approximately \$14,060 in additional revenue.

Revenue Enhancement: \$14,060

Reorganization

In 1996, the board of health investigated ways to restructure providing health services to borough residents. Two alternatives were evaluated:

- A) the regionalization of health services with other municipalities, and
- B) the transfer of health services to the county.

The board distributed a regionalization questionnaire to neighboring municipalities. Unfortunately, there was not a good response rate to the questionnaire. The board also submitted a formal proposal to the Bergen County Department of Health Services. Proposed savings from the county were nominal and, therefore, the board decided to stay with its current providers.

Recommendation:

The board of health is commended for its efforts to explore other alternatives for providing health services. Approximately every three years, the board should continue to evaluate other options in comparison to its contract with the Northwest Bergen Regional Health Commission.

WELFARE

Organization and Staffing

The Montvale Welfare Department is headed by a five member Local Assistance Board (LAB) that meets a minimum of four times per year. The department is run by a part-time welfare director who is appointed by the board and has held this position for the last 12 years. The welfare director can be reached via a designated telephone extension on a 24 hour basis, and is available to Montvale residents by appointment or on emergency call as needed. Since the department has no designated office space located in borough hall, there are no set hours of operation.

The Montvale welfare director also serves in the same capacity on a part time basis for Park Ridge and Woodcliff Lake, and is compensated separately by each of these boroughs. Total hours worked by the welfare director in all three boroughs range between four to eight hours per week, or roughly 1.33 to

2.66 hours per borough, depending on the volume and demand of each municipality's caseload. The welfare director works approximately 69 to 138 annual hours per borough.

Financial

According to the 1996 audit report and payroll records, the welfare department expended \$4,426 in salaries and wages and \$217 in other expenses, for a total of \$4,643. Based on the welfare director's current salary and estimated hours, the hourly rate is conservatively estimated at \$32 per hour, which seems high in comparison to other Bergen County boroughs.

The borough utilizes two public assistance trust fund (PATF) accounts. Upon reviewing the 1996 audit, it was determined that year end cash balances for the PATF I and PATF II accounts were \$117 and \$15,496, respectively. According to the welfare director, the PATF I account has experienced minimal, if any, activity in recent years. As of September 30, 1997, bank statement activity reflected a PATF I ending account balance of \$35.44. Based on the PATF I account's nominal balance and activity level, the welfare director feels that the account should be closed out in the future. As of the date of the team's interview, however, it was unclear as to whether or not the welfare director had made a formal request for closure.

Total receipts and disbursements in 1996 for the PATF II account were \$4,378 and \$6,889, respectively. Bank statement activity for the year showed that the PATF II account had an average monthly ending balance of \$17,049.85 in 1996. As of September 30, 1997, the PATF II ending account balance as per the monthly bank statement was \$11,802.16.

Recommendation:

It is suggested that the borough contact the state and request permission to close the PATF I account and transfer the remaining balance to the current fund. While the ending balance is not significant, the account should be closed purely for fiscal prudence and accountability purposes.

Caseload

There are three cases presently being handled by the welfare director in Montvale. The average annual caseload for 1996 was 2.5 cases, with a total of 30 cases opened and four cases closed over the course of the year. According to the welfare director, most of these cases fall under the category of unemployable persons.

Over the last two years, the average annual caseload has not fluctuated significantly. The total number of cases opened in 1997 was 36 compared to 30 cases in 1996, with an average annual caseload of three cases versus 2.5 cases, respectively. The welfare director attributes this stability to the recent legislative changes resulting from the passage of Work First New Jersey.

Reorganization

Work First New Jersey regulations stipulate that a municipality must have passed a resolution by January 1, 1998 in order to retain the administration of the General Assistance Program. A municipality without a resolution adopted by January 1, 1998 would be consolidated by the county agency during the transition period.

On November 25, 1997, the borough passed a resolution stating its desire to maintain its welfare program on the local level. Had the borough opted to transfer services over to the county, it would have realized a savings of \$4,643. In this resolution, the borough states its intention to pursue a tri-borough agreement with Park Ridge and Woodcliff Lake. While a tri-borough welfare program is a better option than maintaining its own welfare program, the borough should reconsider transferring the welfare program to the county.

Recommendation:

It is recommended the borough reconsider its decision to maintain its own welfare program and transfer the welfare program to the county.

Cost Savings: \$4,643

RECREATION

Organization and Staffing

The Montvale Recreation Department is overseen by a recreation committee that functions in an advisory capacity. The committee consists of a chairperson, eight members, a council liaison, and a board of education liaison.

The department is run by a part-time recreation director who has held this position for last 17 years. The recreation director is responsible for the planning, coordinating, and directing of the borough's recreational activities, the scheduling of field usage, and the supervising all temporary/seasonal personnel. According to borough payroll records, staffing normally amounts to 53 temporary/seasonal staff throughout the year; consisting of four supervisors, one instructor, ten referees, 37 camp counselors, and one field coordinator. The recreation department expended \$47,636 in salary and wages in 1996; consisting of \$21,057 for the recreation director and \$26,579 for seasonal staff.

Hours worked by the recreation director vary depending on scheduling and program demands. The fall/winter season (October through March) is usually the busiest and August is the slowest. Since the recreation director does not maintain a regular work schedule, there are no designated office hours for this operation.

Recommendation:

We suggest the recreation director's hours be quantified in order to more accurately determine the department's workload.

Programs

The borough offers a variety of recreational programs to borough and local area residents such as athletics, indoor recreational activities, summer playground, organized trips, seniors group, and celebrations/special events. Through the borough's quarterly newsletter, the recreation committee publicizes its upcoming recreational programs. Flyers are also distributed in the main lobby at borough

hall, school bulletin boards, local newspaper, and by mail. Program participation is quite varied, ranging from the chess club with ten participants to the annual Halloween Carnival with 700 participants. Both of these programs are free to participants.

The Montvale Athletic League (MAL), an independent youth group organization, also provides the borough with many athletic programs for the children of Montvale including soccer, football, cheerleading, baseball, softball, and basketball (grades 3 to 8). While the MAL is autonomous and is run through private sponsorship, it has in past years requested financial assistance from the borough in order to complete its capital projects. The borough is also responsible for all field maintenance for MAL programs.

Recommendation:

Where applicable, the borough should seek out sponsorship for certain recreational activities, such as the Day In The Park celebration, to help reduce the \$15,027 expended for this event. Approximately \$3,000 was spent on entertainment. Perhaps a local business or corporation would be willing to sponsor at least the entertainment portion of the celebration.

Revenue Enhancement: at least \$3,000

Facilities

Eleven athletic fields, tennis courts, basketball courts, and three park/playground areas are utilized for recreational purposes. Of the eleven fields, eight are owned by the Montvale Board of Education, one by the Montvale Athletic League, and the remaining two fields are owned by the borough.

The fields located at the Memorial School and the Fieldstone School are used by the recreation department under a formal field license agreement between the borough and the board of education. The field agreement is passed by resolution and renewed on an annual basis. In exchange for the use of these fields, the borough retains all fees generated from field usage and provides for specific field maintenance requirements as stipulated in the terms of the agreement. The borough is currently formulating a similar field license agreement with the regional schools in the local area in order to increase the total number of fields available for recreational use. The department of public works is responsible for performing all field related maintenance on the borough's behalf.

The borough is commended for its use of shared services with the Montvale Board of Education and we support the efforts to pursue a field license agreement with the regional school system as a means of enhancing its level of recreational services.

Indoor recreational activities are held in various school buildings located in the borough. According to the recreation director, there is no formal agreement in place between the borough and the Montvale Board of Education regarding the use of school buildings for indoor recreational activities. The current policy requires that the recreation director submit an application to the board for approval and authorization and agree to pay for a minimum of three hours of custodial services for any weekend use.

According to the recreation director, this arrangement has proven to be successful, with the recreation department never being denied on any of its requests.

The borough has completed various capital improvement projects in recent years, such as refurbishing the tennis courts and basketball courts and building a new playground area at Huff Park. Upcoming capital proposals by the borough include plans to build an outdoor hockey rink. So far the borough has received approval from the board for a parcel of land to be used for the facility, and is now in the process of trying to incorporate the paving portion of this project as part of its bid for street paving.

The MAL has also demonstrated a positive working relationship with the borough in improving recreational fields and facilities. While reviewing the borough's 1996 and 1997 budget proposals for parks and playgrounds, it was noted that the MAL requested financial assistance for various recreational repairs and upgrades. The borough subsequently approved the MAL's request for both years by including \$5,000 and \$10,500, respectively in each year's budget. The MAL, in turn, agreed to provide the labor where possible to complete certain projects via volunteer support.

Recommendation:

While it is not the intention of LGBR to undermine the cooperative relationship which exists between the borough and the MAL, it is suggested that the borough attorney take an active role to ensure that the arrangements between the borough and the MAL have been established in a manner consistent with law and, further, that these arrangements are based upon formal agreements which properly delineate the responsibilities of the borough and the MAL and, which further protect the interests of the borough and, most importantly, the taxpayers. In addition, agencies should be required to provide evidence of adequate insurance for their activities which names the borough as "additional insured".

Fees and Financial

The 1996 audit report reflects that the recreation department received \$26,058 in total fees which went directly into the current fund. The recreation committee has an established fee schedule in place and charges fees for only five of its twenty seven recreational programs: adult fitness, adult arts/crafts, youth basketball, summer playground, and tennis. In addition, the committee charges a fee for field use within the borough. Fees for field usage are waived, however, for those programs where the participants are under 18 years of age. The fee schedule is passed by resolution through the mayor and council and is reviewed and updated on an annual basis. The last fee increase, ranging between 20% to 30%, was approved in 1998 for three of the five fee based programs: adult fitness, tennis, and summer playground.

As referenced earlier, the recreation department spent a total of \$47,636 in salary and wages in 1996. The audit report also indicates that the recreation department expended \$19,356 in other expenses. Other related recreational expenses accounted for separately in the borough's budget include \$19,955 in parks and playgrounds and \$16,528 for celebration of public events. Parks and playgrounds covers the costs for upkeep and maintenance of recreational fields and facilities, while celebration of public

events is attributed to the “Day In The Park” celebration accounting for \$15,027 of the total expenses in this budget category.

Using these estimates, along with the other relevant information provided, total expenses for recreational services amounted to \$103,475 in 1996, while the revenue was \$26,058. Based on the 1996 revenue and expenditure data, fees covered approximately 25.2% of total recreational expenses. Thus, all taxpayers are subsidizing 74.8% of recreation programs.

Currently, nearly all recreation programs, except for the adult fitness, tennis and summer playground programs, are funded by local property taxes. All residents of the borough are paying for the various recreation programs which only some residents utilize. All residents have the opportunity to participate in the recreational programs, however, many residents do not take advantage of this service.

While recreation is a popular municipal service, public discussions should take place as to whether or not this service should be supported financially in whole, or in part, by the taxpayers. A nominal user fee implemented for most programs would generate additional revenue which could offset operating expenditures and salaries for seasonal personnel. A nominal user fee could eventually make all recreation programs up to 50% or completely self-supporting should the governing body wish to pursue this option.

The recreation committee and the borough council should monitor all programs for participation levels and type of program and comprehensively discuss the possible implementation of a fee schedule which would provide an adequate funding mix of user fees and property taxes.

Recommendation:

Understanding the philosophical differences surrounding fee based and non-fee based programs, it is recommended that the borough develop a policy regarding the amount of tax subsidy that the borough deems appropriate for recreation activities. We suggest that an average 50% rate of subsidy, which would result in an additional \$25,680 in revenue based upon 1996 figures, would not be an unreasonable goal. Fees, where appropriate, should be reviewed and updated on a periodic basis based on the cost of the service. Programs that reach a broader, less defined audience might remain free of charge since they are open to and of potential interest to *all* residents, not just a specific subgroup of users.

Revenue Enhancement: \$25,680

Non-Binding Municipal Question - Open Space Trust Fund

In order to acquire additional properties for public recreation and to be eligible for certain Green Acres funding through the state, the borough presented a non-binding municipal question on the November 4, 1997 general election ballot regarding the establishment of a municipal Open Space Trust Fund. This fund would allow the borough to raise monies through an open space tax which would range between \$.002 and \$.02 per \$100 of assessed value. The Open Space Trust Fund would be funded for a

period not to exceed five years, the exact tax amount being determined each year by the mayor and council.

The question was passed by the voters, but only by a slim margin of 169 votes. Based on the results from the election, the mayor and council decided that there was not enough support shown by the voters to pursue this question further. The borough plans to continue to consider other options for acquiring land for recreational use, including the purchase of specific property with other designated funds budgeted for these purposes.

LIBRARY

The Montvale Public Library is a municipal library operated and managed by a director under the guidance of a board of trustees. Circulation has remained relatively static over the past three years. In 1996, the library employed four full-time employees and eighteen part-time employees. Since the state required minimum library spending levels are based on the assessed valuation and since property values are somewhat high in Montvale, the library spends the same amount of money for this service as some communities twice its size.

Staffing

The library's professional staff consists of a director, two full-time librarians, a full-time coordinator of children's services, ten part-time assistants, six part-time pages, a part-time summer reference librarian and one board secretary. In 1996, the library's FTE, as reported to the state, was 5.9. This figure is 41% greater than personnel for libraries in the same population group, but 32% less than the personnel for libraries in the same expenditure group. The circulation per capita in Montvale is 39% higher than the circulation per capita for libraries in the same population group and is 24% higher than the circulation per capita for libraries in the same the expenditure group. The staffing level appears to be adequate.

Hours of Operation

The library is open 55 hours per week including Monday, Wednesday and Thursday evenings until 9:00 p.m. Weekend hours include Saturday from 10:00 a.m. until 3:00 p.m. and Sunday from 1:00 p.m. until 4:00 p.m.

Revenue and Expenditures

The municipality is required by law to appropriate one-third of a mill to support the library each year. In 1996, one-third of a mill was \$359,096. The municipality appropriated \$398,262, which is \$39,166 more than the minimum required. The library received \$10,101 from other revenue sources such as book sales, donations, federal grant money, fines, lost cards, microfilm revenue, out of town patrons, photocopier revenue, and interest. The library also received a bequest of \$500,000 towards a new or expanded library facility.

The 1996 expenditures for salary and benefits were \$250,879. Other expenses for this same year were \$152,793. The value of vacation, personal, sick and holidays was \$16,847. The total cost of salaries,

benefits, and other expenses was \$403,672. This is \$5,410 more than the borough appropriated for library services. The over expenditure is attributed to the municipality paying some unreimbursed benefit costs for some part-time library employees. In 1996, the borough exceeded the minimum mandated financial support of the library by \$44,576.

In comparison to other libraries, Montvale's expenditures per capita are 66% higher than libraries in the same expenditure group and 122% higher than libraries in the same population group. Obviously, the borough and its residents value a quality library with quality services, however it appears that the borough can reduce its expenditures to the one third of a mill level without a significant impact on its services. Even with a reduction in expenditures of \$44,576, the library's expenditures per capita would still be significantly higher than those libraries in comparable population and expenditure groups.

Recommendation:

While we are supportive of the library's operations and programs, we suggest that the borough require full information on all revenue sources available to the library and its potential use prior to providing additional funds beyond that which is required by statute. Further, though the borough may wish to contribute more than the required amount of funding, the governing body should be aware of all of its direct funding and in-kind costs attributable to the library. The borough should consider the effect of maintaining spending levels at the one third of a mill funding.

Cost Savings: \$44,576

Support Services

The library reimburses approximately \$39,000 back to the municipality for the following:

- \$13,000 for administrative support
- \$14,000 for public works for building and grounds maintenance
- \$7,000 for police for security
- \$5,000 for liability and workers compensation insurance

The library pays approximately \$10,139 for cleaning services, which includes, \$9,100 paid to the borough for daily cleaning and \$1,039 to vendors for specialized cleaning such as carpets and windows.

The borough is commended for accounting for direct services in its contribution to the required one-third of a mill support of a public library.

Collection

There are 38,547 volumes in the collection or 5.59 volumes per capita. This is significantly higher than comparable libraries with the same population and comparable libraries with similar expenditure levels.

In 1996, the library purchased 4,288 volumes. This is more than 65% more than comparable libraries in the same population group and 22% more than comparable libraries in the same expenditure group. The total volumes are down since 1995, which indicates an active weeding and purchasing program.

Facility

The Montvale Public Library is an overcrowded facility. The basement is used by the entire municipality for storage and retention of records. The upstairs is used for library storage and meeting rooms for children's programs. The library board has requested a new or expanded facility. There has been discussion in the community concerning a new library or an addition to the current library. The library was bequeathed \$500,000 in 1996 for future capital construction. Should the borough decide to proceed with a new library or addition, the overcrowding in the existing library should be alleviated.

Cooperative Effort

The library is a charter member of the Bergen County Cooperative Library System (BCCLS) which was established in 1986 to provide support services to libraries in Bergen County. The services provided include automated catalog, acquisitions, and circulation, access to the library utility, OCLC, access to the Bergen Record on line and a rotating audio book collection. The cost for this service in 1996 was just under \$17,000 and is a cost effective means for a small library to access costly automated resources.

The borough is commended for accessing cooperative arrangements as they are possible.

III. SHARED SERVICES

Tremendous potential for cost savings and operational efficiencies exists through the implementation of shared, cooperative services between local government entities. In every review, Local Government Budget Review strives to identify and quantify the existing and potential efficiencies available through the collaborative efforts of local officials in service delivery in an effort to highlight shared services already in place and opportunities for their implementation.

Montvale is a community which is exemplary in its pursuit of shared services, especially its “Tri-Borough” ventures with Park Ridge and Woodcliff Lake. As noted in the preceding sections, regionalization and shared services have been aggressively pursued and include:

Sewer Camera System

The Borough of Montvale has an inter-local agreement with seven municipalities sharing a color sewer camera system, which is needed to periodically inspect the sewer lines for infiltration problems and obstructions. The other municipalities involved are Emerson, Old Tappan, Rivervale, Washington, Park Ridge, and Hillsdale. This piece of equipment costs approximately between \$40,000 and \$50,000 and, by combining their efforts, each community saved approximately **\$35,000**.

Sewer Jet

The borough also has an inter-local agreement with the Borough of Park Ridge and shares a sewer jet which is used to flush sewer lines and serves as a catch basin cleaner. This equipment is an essential part of maintaining a sound sewer system. This agreement saved each municipality approximately **\$50,000**.

Tri-Borough Fuel Dispensing

Montvale, Park Ridge and Woodcliff Lake entered into an inter-local agreement to install and share a single fueling facility. A partitioned tank holding both gasoline and diesel fuel was installed at the Park Ridge public works facility in 1992. This fueling site supplies fuel to the three boroughs, as well as the Tri-Borough Ambulance Squad, and the local and regional school districts. The cost for the entire facility was over \$126,000, while Montvale’s share was approximately \$52,000. Thus, the borough saved approximately **\$74,000**.

Tri-Boro Radio Dispatching

Dispatching services are provided to Montvale, Park Ridge and Woodcliff Lake by Tri-Borough Radio. This shared service has existed for over 50 years and all three municipalities split the associated costs. Since this organization has existed for so long, it is difficult to quantify cost savings.

Tri-Borough Ambulance Corps

This private non-profit organization provides emergency medical services to Montvale, Park Ridge, and Woodcliff Lake. It has existed for over 60 years and has its facility centrally located in Park Ridge,

approximately one mile from the Montvale municipal complex. Since this organization has existed for so long, it is difficult to quantify cost savings.

Pistol Range

The borough also has an existing agreement for the use of Park Ridge's pistol range. Montvale uses Park Ridge's range for the purpose of practicing and qualifying fire arms. The cost to Montvale is \$100 per year per officer totaling \$2,200.

Joint Insurance Funds

The borough is a founding member of the Bergen County Municipal Joint Insurance Fund (JIF), which was the first joint municipal insurance fund established in New Jersey over ten years ago. Since this organization has existed for so long, it is difficult to quantify cost savings.

Sharing Expertise

The DPW superintendent meets each Friday with a group of Pascack Valley DPW superintendents. These meetings give each participant an opportunity to share and discuss similar problems. Most importantly, it gives them an opportunity to learn how nearby municipalities handle similar problems. It is very likely that the time spent each week is more than paid for with increased coordination and improved problem solving.

Recreational Facilities Sharing With The Board Of Education

Eleven athletic fields, tennis courts, basketball courts, and three park/playground areas are utilized for recreational purposes. Of the eleven fields, eight are owned by the Montvale Board of Education, one by the Montvale Athletic League, and the remaining two fields are owned by the borough. School gymnasiums are also used for indoor recreation activities.

Bergen County Cooperative Pricing System

Montvale participates in the County of Bergen Cooperative Pricing System. Items such as oil, fuel, sand, and salt are purchased annually at very competitive prices. The borough also used the county's underground storage tank contract and saved over **\$5,000** in engineering fees.

Shared service areas which the borough has investigated to some degree, but has been unsuccessful in implementing thus far include police services and health services. Several years ago, the police chiefs in two of the three tri-borough municipalities were retiring. Montvale met with Park Ridge and Woodcliff Lake officials to discuss a merging of police functions, which did not come to fruition. In 1996, the board of health investigated both the transfer of health services to the county and the regionalization of health services with other municipalities. Unfortunately, neither option was viable.

In November 1997, the borough indicated, by resolution, its intention to pursue a tri-borough agreement for welfare services. The mayor has also indicated that he is in favor of merging the UCC functions when retirements make it more feasible.

The borough is commended for its many shared service initiatives. The Borough of Montvale could serve as an excellent model of a community that reviews vast potential shared service opportunities for the benefit of its taxpayers.

Recommendation:

It is suggested that the borough form a committee to monitor existing shared services and to further develop shared services with the school districts, the county and other municipalities. Potential opportunities for additional shared services and joint savings include:

- 1) police services**
- 2) health services**
- 3) payroll processing**
- 4) code enforcement services**
- 5) computer technology, training and maintenance**
- 6) snow plowing, sanding/salting**
- 7) lawn and field maintenance**
- 8) building maintenance**
- 9) vehicle repair and maintenance**

Shared services and cooperative agreements should be items for discussion in periodic meetings with municipal and school officials.

IV. STATUTORY AND REGULATORY REFORM

The fourth and final section of the report, Statutory and Regulatory Reform, attempts to identify those areas where existing state regulations or statutory mandates are brought to the attention of the LGBR review team by local officials which appear to have an adverse effect on efficient and cost effective local operations. It is common for local officials to attribute high costs and increased taxes to “state mandates”. Each review team is then charged with reporting those areas in this section of the report. The findings summarized below will be reviewed by the appropriate state agency for the purpose of initiating constructive change at the state level.

It is common for local officials to blame tax increases on “State mandates.” Each local budget review team is charged with the responsibility of identifying regulatory or statutory mandates that have an adverse impact on the cost of local government. The findings summarized below will be reviewed by the appropriate State agency for the purpose of initiating constructive change at the State level.

Bidding Process

As reported by several Montvale officials and staff members, there are concerns about the bidding process which they are required to follow under Local Public Contracts Law. Montvale has experienced bidding problems primarily when purchasing vehicles and equipment, but they have also had problems with computer equipment and construction projects. Most recently, the borough had difficulties purchasing the following pieces of equipment: police vehicles, police utility vehicle, fire utility vehicle and a DPW truck lift.

Montvale staff contend that the state contracts often are not the best price. Better prices can be received by a formal bidding process. They also contend, however, that the formal bid process still does not always give you the best price. Sometimes, informal quotes from vendors often produce the best price, but municipalities are unable to take advantage of the best price due to constraints of the Local Public Contracts Law such as the bid threshold. As a result, the existing regulations prohibit the municipality from receiving equipment at the lowest available price for its municipality and its taxpayers.

Montvale has on several occasions received little or no response when bidding items such as police and fire vehicles. Also, the bid process can be time consuming and costly. The borough has bid up to four different times on an item and spent over \$350 in advertising costs and over \$500 in staff time.

Montvale’s small size contributes to their bidding difficulties. Bids are usually for one or two vehicles costing \$20,000 to \$30,000 per vehicle. Thus, it is not an opportunity for a large profit for most vendors.

Bidding requirements such as bid bonds, consent of surety, performance bonds, affirmative action requirements, and non collusion affidavits have also contributed to their difficulties.

To better aid small municipalities, local officials believe there is a need to change the Local Public Contracts Law to allow for the following:

- Municipalities to purchase vehicles/equipment which are on state contract (without the formal bid process) with a written quote that is equal to or below the state contract price.
- Municipalities to purchase single items such as \$20,000 police vehicles or like equipment.
- Municipalities to purchase vehicles/equipment under \$30,000 without the formal bidding process as long as they obtain 3 written quotes.

The recent revisions to the Local Public Contract Law should address these concerns.

LOCAL GOVERNMENT BUDGET REVIEW

James A. DiEleuterio, Jr., State Treasurer
David Mortimer, Associate Deputy State Treasurer
John J. Coughlin, Director, Local Government Budget Review
Emil L. Van Hook, Deputy Director, Local Government Budget Review

Montvale Borough Review Team

William Eagen, Team Leader

Vince Mastrocola, Local Government Budget Review
Edward Montague, Local Government Budget Review
Sharon Pezarras, Local Government Budget Review
Richard Thompson, Local Government Budget Review
Jim Bruthers, Division of Taxation